

Original

Humphreys
County Nursing
Home

CN1511-049

Humphreys County Nursing Home, Inc.

670 Highway 13 South
P.O. Box 476
Waverly, Tennessee 37185
Phone (931) 296-2532
Fax (931) 296-0829

November 10, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building
500 Deaderick Street, 9th Floor
Nashville, TN 37243

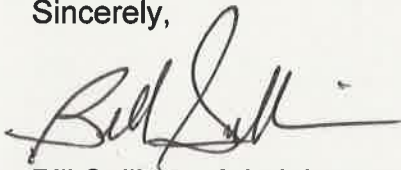
RE: CON Request by Humphreys County Nursing Home to replace, relocate, and add 25 beds from the Nursing Home Bed Pool for a total bed count of 91 in Waverly, Humphreys County, Tennessee.

Dear Ms. Hill:

Enclosed please find the required check of \$32,554 made payable to the Health Services and Development Agency, to cover the filing fee for the referenced request. The fee has been calculated based on the total project cost of \$14,500,574/1000 times \$2.25 which equals \$32,554, but in no case shall the fee be less than \$3,000 or more than \$45,000.

If you require any additional information or need clarification on any of the supplied material, please do not hesitate to contact me at 931-296-2532.

Sincerely,



Bill Sullivan, Administrator
Humphreys County Nursing Home

Enclosure

1. **Name of Facility, Agency, or Institution**

Humphreys County Nursing Home

Name

The new facility will be located one mile North from current facility off of Fort Hill Rd.

Humphreys
County

Street or Route

Waverly

City

TN

State

37185

Zip Code

2. **Contact Person Available for Responses to Questions**

Sam W. Sullivan

Name

Administrator

Title

Humphreys County Nursing Home

Company Name

samwsullivan@comcast.net

Email address

670 Hwy. 13 South

Street or Route

Waverly

City

TN

State

37185

Zip Code

Contract Employee

Association with Owner

931-296-2532

Phone Number

931-296-0829

Fax Number

3. **Owner of the Facility, Agency or Institution**

Humphreys County Nursing Home

Name

931-296-2532

Phone Number

670 Hwy. 13 South

Street or Route

Humphreys

County

Waverly

City

TN

State

37185

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or
Political Subdivision)

X

G. Joint Venture

H. Limited Liability Company

I. Other

RESPONSE: Attachment A.4.1 is a copy of the **charter**, and A.4.2 is a copy of the corporate organization chart.

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

5. **Name of Management/Operating Entity (If Applicable)**

Key Management Associates, LLC
 Name
711 Shenandoah Drive
 Street or Route
Brentwood
 City
TN
 State
Williamson
 County
37027
 Zip Code

RESPONSE: Attachment **A.5.1** Copy of Management Company Contract.

6. **Legal Interest in the Site of the Institution (Check One)**

- A. Ownership _____ D. Option to Lease _____
 B. Option to Purchase X E. Other (Specify) _____
 C. Lease of _____ Years _____

RESPONSE: Attachment **A.6.1** Copy of Option to Purchase.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- | | |
|--|--|
| A. Hospital (Specify) _____ | I. Nursing Home <u>X</u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | J. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | K. Recuperation Center _____ |
| D. Home Health Agency _____ | L. Rehabilitation Facility _____ |
| E. Hospice _____ | M. Residential Hospice _____ |
| F. Mental Health Hospital _____ | N. Non-Residential Methadone Facility _____ |
| G. Mental Health Residential Treatment Facility _____ | O. Birthing Center _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility (Specify) _____ |
| | Q. Other (Specify) _____ |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- | | |
|--|---|
| A. New Institution _____ | G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] <u>X</u> |
| B. Replacement/Existing Facility <u>X</u> | |
| C. Modification/Existing Facility _____ | |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | |
| E. Discontinuance of OB Services _____ | I. Change of Location <u>X</u> |
| F. Acquisition of Equipment _____ | J. Other (Specify) _____ |

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	__66__	__0__	__66__	__25__	__91__
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	__66__	__0__	__66__	__25__	__91__

*CON-Beds approved but not yet in service

10. Medicare Provider Number 44-5489
Certification Type Medicare Part A Program

11. Medicaid Provider Number 7440099 & 0445489
Certification Type ICF & SNF

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants?_YES If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Humphreys County Nursing Home participates with TennCare MCOs on a contractual basis. Humphreys County Nursing Home contracts with the following: Amerigroup, United Healthcare Community Plan, and BlueCare Tennessee.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response:

Description: This Certificate of Need application is for the relocation of Humphreys County Nursing Home, a 66 bed nursing home located on Hwy 13, Waverly (Humphreys County), Tennessee to Fort Hill Road, Waverly (Humphreys County), Tennessee, a distance of approximately 1 mile from the current location of Humphreys County Nursing. This facility was constructed in 1966. During 2014, the facility provided 23,700 days of care, or an average occupancy rate of 98.4%. In 2015 year to date, the facility provided 19,676 days of care, or an average occupancy rate of 98%. This application seeks to relocate, replace and add 25 beds from the pool of beds for the reasons described below.

The new site contains 15.4 acres up from our current site of 5.4 acres.

Proposed Services: The goal is to offer an improved environment and amenities that embrace a modified Greenhouse concept – access to private toilet & shower facilities, more space for private family visits, areas with natural light, fireplaces in strategic locations, group dining spaces with access to a small kitchen area, larger therapy and activities space, internal courtyard, library, beauty shop and massage area.

Need: This facility was built in 1966. The current site is not adequate to build a replacement facility for this 50 year old building. The proposed site is much better suited for a new building due to limitation of current site. The limitation of the current building include the small size of resident rooms that does not allow for personal items, activity spaces, and therapy space, plus the lack of space for administrative offices and storage space. Rehabilitation services are spread throughout the facility

and are crowded. The facility has only two private rooms. Rooms do not have private showers. Outdoor space is limited. The emergency generator and wiring of the facility limit the amount of power available to support the needs of residents in a power outage. The sewer system frequently has stoppage problems and is in need of extensive repairs. There are not enough parking spaces and visitors have to park in the hospital parking lots to visit. The entrance street is shared with a mobile home park, hospital, and the nursing home.

Any type of renovation is cost prohibitive due to the age of building and cost of bringing the building to current codes.

Many days we are unable to accept new patients due to no available beds. During 2015 to present we have turned away 88 residents for admission. We have 16 residents on a waiting list. Assuming the average length of stay for the 88 residents turned away being 117 days (JAR report) the residents would have generated 10,296 additional patient days or 28.2 average daily census.

Ownership Structure: Humphreys County Nursing Home is owned by Humphreys County and directed by appointed Board members approved by the County Commission. The Board operates the nursing home with a management contract with Key Management Associates, LLC. Key Management Associates is located in Tennessee and is owned by Judy Eads. She works with nursing homes throughout Tennessee and has extensive operational and clinical training within the nursing home industry. Her background in operations has provided guidance and direction in the "efficiency and functionality" of the new replacement facility proposed plans.

Service Area: The primary service area is defined as Humphreys County which is expected to have a population 18,561 in 2018.

Existing Resources: Two nursing homes containing 166 licensed beds, are currently licensed in the service area - Humphreys County. During 2013, the two nursing homes reported providing 49,419 patient days, or an occupancy rate of 82%. For the past 6 years Humphreys County has recorded an average occupancy rate of 98 - 100 percent occupancy.

Project Cost/Funding: The cost of the project is estimated to be \$14,500,754, and will be funded by a loan from HUD and any supplement funding will be funded by a bank loan and/or funding from Meriwether Lewis Electric Cooperative (MLEC). A letter from HUD stating its willingness to fund this project is presented, Bank letter, and Fact sheet from MLEC in **Attachment C, Economic Feasibility - 2.**

Financial Feasibility: The proposed facility is expected to have a positive income from operations during its second year of operation. Currently the facility has a positive cash flow from operations, and is expected to continue to maintain a positive cash flow after the expansion.

Staffing: The current staffing is 79.7 FTEs. During year two, the expected total facility staffing is expected to be 95.5 FTES and the clinical staffing is expected to be 62.5 FTEs. The staffing of the facility is reviewed in detail in the Contribution to the Orderly Development of Health Care section of this application. **Explained in Orderly Development 3. Pages 36 & 37.**

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
 - A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square

footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response:

The site that was chosen for the NEW FACILITY is north of the Three Rivers Hospital off of Fort Hill Road and Hillwood Drive. This 15.4 acre parcel of land would be accessed directly from Fort Hill Road and would receive utilities (water, gas, sewer, and electrical) provided by the City of Waverly, TN. The CONVENIENT ACCESS from the Three Rivers Hospital would offer emergency support, diagnostic and therapeutic back up should residents require acute or emergency intervention. The site is also near the main Hospital Campus and will afford convenient patient and staff transfer, in phases, as the new project is developed over time. Please refer to Exhibits on details of site location and MASTER ZONING CONCEPTS for the new facility. **Attachment B. III. A. Site Plan.**

The construction cost is estimated to be \$10,620,000 or \$180.00 per square foot. Humphreys County Nursing Home will offer a variety of amenities. These include dayrooms for each wing, an activity room, ice cream and gift shop, library, beauty shop, outdoor courtyards, walking paths, gazebos, fine dining, and private dining rooms for each nursing unit.

A variety of resident room configurations will be offered. There will be 71 private rooms, and 20 semi-private rooms are planned. Each resident will have a direct phone line, wireless internet access, and TV.

Large therapy spaces will be provided. Physical therapy, speech therapy, and occupational therapy services will be offered. Private treatment rooms will be available. State-of-the-art therapy equipment will be included in the FF&E package. An outdoor therapy courtyard with a variety of walking surfaces and transitions, will be located adjacent to each of the nursing units.

The current facility occupies 16,250 SF with a detached storage building of 1750 SF. The current facility provides two-side access and parking for approximately 49 vehicles. The proposed 59,000 SF facility will be constructed on a relatively flat 15.4 acre site located in Waverly, Tennessee. The property is presently being surveyed and all preliminary information indicate this land is adequate to provide all programmatic elements of the facility. Parking quantities and landscape requirements will be designed to accent the site, and will exceed the local zoning code. The proposed site has passed two major reviews by the Waverly City Planning Commission and will have both civil and survey studies complete within 60 days

The facility in this project will be constructed under the codes adopted by the local municipality (the International Building Code) and the Tennessee Department of Health (the Standard Building Code). As defined by the 1999 Standard Building Code, the Occupancy for this building will be

Institutional – Unrestrained, and the type of construction will be Type V protected – fully sprinkled. Other design standards are in compliance with the national performance standards outlined in the FGI Guidelines for Hospitals and Associated Nursing Care Facilities, 2014 Edition.

This single story building will be framed with metal stud walls and wood trusses. The exterior vocabulary of the structure has not been determined. However, we proposed brick or simulated stone cladding, with fiber cement siding and trim accents. The proposed roofing material is an architectural fiberglass or asphalt shingle with prefinished aluminum gutters and downspouts. All resident windows will incorporate code mandated egress requirements. The proposed building also incorporates a large main entry Porte Cochere that allows three drive lanes of vehicular traffic to insuring easy all weather access to the main entry. A secondary service entry and dock area along with an outpatient rehabilitation drop off and pick up area will be provided. Emergency access/egress is available for each of the 5 primary housing zones of the facility (Update to meet current design features).

The chart has been completed. A letter from the project architect stating the building will be built to meet or exceed applicable codes, is presented in **Attachment B. Project Description II A. Codes Letter.**

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

Response: The number of licensed beds will increase from 66 to 91 as a result of this project. The distribution of the beds located in private and semi-private rooms, current and proposed, beds is present in the following table.

Table 1
Bed Distribution

	Beds in Private Rooms	Beds in Semi-Private Rooms
Current	2	64
Proposed	71	20

The current facility does not meet nursing home and skilled care standards but is Grandfathered to operate in the State of TN in the present location. The new facility will offer the following improvements with designated care centers, for example:

- Drop Off/Entry/Exit and Public Space
- Accessible separate Public Toilets
- Private Rooms Sized to meet Life/Safety Standards and Proper Toilet/Shower Designs and Inpatient Amenities Including Personal Storage, Living Facilities and Outdoor Natural Lighting as well as Nurse Call and Patient Care Accommodations

- Proper Storage For Staff and Patients
- Rehabilitation and Physical Therapy Shared By All Residents
- Adequate Public, Patient and Family Dining plus Food Preparation and Service Access for Support.
- Housing Accommodations and Bed Distribution Will Be As Follows:
 - Four 15-Bed and one 16-Bed Units for Resident Populations
 - One 15-Bed Memory Care Unit

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/		
					Renovated	New	Total	Renovated	New	Total
Hall A Patient Rooms		6798		FIRST FLR		15550	15550		2,999,362	2,999,362
Halls B,C,D Pt. Rooms		-		FIRST FLR		3990	3990		842,907	842,907
MCU Patient Rooms		-		FIRST FLR		3990	3990		791,600	791,600
Administration		820		FIRST FLR		1657	1657		228,293	228,293
Rehab		191		FIRST FLR		1189	1189		229,340	229,340
Food Services		959		FIRST FLR		2953	2953		965,590	965,590
Laundry		429		FIRST FLR		855	855		109,944	109,944
Hall A Patient Care		-		FIRST FLR		2141	2141		377,570	377,570
B,C,D Patient Care Spt		-		FIRST FLR		625	625		117,109	117,109
MCU Patient Care Spt		-		FIRST FLR		495	495		89,113	89,113
Common Act/Lnge		378		FIRST FLR		1909	1909		315,615	315,615
Hall A -Act/Lnge		-		FIRST FLR		1550	1550		270,498	270,498
Hall B,C,D - Act/Lnge		-		FIRST FLR		631	631		114,756	114,756
MCU Act/Lnge		-		FIRST FLR		390	390		69,494	69,494
Dining		1374		FIRST FLR		1750	1750		315,046	315,046
Public Areas		163		FIRST FLR		1026	1026		188,476	188,476
Common PCS		1554		FIRST FLR		1219	1219		190,341	190,341
Operational Support		101		FIRST FLR		2095	2095		327,124	327,124
B. Unit/Depart. GSF Sub-Total		12,767				44015	44015		8,542,176	8,542,176
C. Mechanical/ Electrical GSF		5,233				1450	2403		213,039	213,039
D. Circulation /Structure GSF		18,000				13535	13535		1,864,785	1,864,785
E. Total GSF						59000	59000		10,620,000	10,620,000

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: Not Applicable

D. Describe the need to change location or replace an existing facility.

Response: The application is for a replacement of an existing facility. The facility was built in 1966. The 50 year old physical plant is aging and has significant space limitations. These limitations include the size of resident rooms, activity spaces, and therapy space plus the lack of space for administrative offices and storage space. The maintenance department is currently located in another building and is also used to store patient medical equipment. The square feet will be increased from 18,000 sq. ft. in the existing to 59,000 sq. ft. in the proposed, or 273 sq. ft. per bed to 648 sq. ft. per bed in the proposed for an increase of 58%.

Rehabilitation services are spread throughout the facility and are crowded. The space for rehabilitation services will be increased from 191 square feet to 1189 square feet. All rehabilitation services will be consolidated in this space. Large therapy spaces will be available to provide physical therapy, speech therapy, and occupational therapy services. Private treatment rooms will be available. A simulated home kitchen and bath will be available to assist patients to return home safely by practicing cooking, cleaning, laundry task, etc.

The facility has only two private rooms which do not have private showers. All of the patient rooms will have a full bathroom including shower. A variety of room configurations will be offered. Each resident will have a direct phone line, internet access, and TV.

The current building has several deficiencies that will be eliminated as a result of this project.

The emergency generator and wiring of the facility limit the amount of power available to support the needs of residents in a power outage. The need of repairs to the sewer system, which is cost prohibitive of repairing due to closing facility for the repairs, inadequate nurse call system and limited space in kitchen and dining to serve the current population.

The street entrance to the facility is currently shared with a mobile home park and hospital. The parking lot is limited and frequently there are no parking spaces available for visitors. The new site will have a better entrance and a larger parking lot.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost;(As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

Response: Not Applicable. This project does not involve any major medical equipment.

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

Response: Not Applicable

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response: Not Applicable. This project does not involve any major medical equipment.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: See Attachment B. III. A. Plot Plan.

(B 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The site is not currently served by public transportation routes. The proposed site will be easily accessible from Highway 13 on to Hillwood Drive with entrance to nursing home from Fort Hill Road.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

Response: See Attachment B IV. Floor Plan.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response: Not Applicable

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.**

The five principals outlined in the State Health Plan of achieving better health are:

1. The purpose of the State Health Plan is to improve the health of Tennesseans;

Response: The implementation of this project will improve the health of the residents of Humphreys County by the creation of a nursing home with more private rooms with personal showers and space to bring some personal items. There will be an increase in the space for rehab, activities, and dining that will allow for more privacy and a pleasant experience. An outdoor therapy courtyard, with a variety of walking surfaces and transitions.

2. Every citizen should have reasonable access to health care;

Response: The new facility will be easily accessible by the local highway network. This system is briefly described in B. Project Description III. (B).1. The entrance to the new facility will be improved with more parking spaces and one entrance that is not shared with mobile home park and the hospital traffic.

3. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system;

Response: The proposed project will address the needs of the residents of the service area by replacing a 50 year old facility with a state-of-the-art building with 71 private rooms and 10 semi-private rooms. The demand for private beds cannot be met in the existing building.

Because of lack of space in the present building, there are many economic inefficiencies. Some of the inefficiencies are congestion, the location of the maintenance building and medical equipment in another building, lack of rehab, activities, dining, and administrative space, etc. The replacement of the existing building will improve the system of caring for the Humphreys County elderly to more of a resident-centered care environment.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers;

Response: Humphreys County Nursing Home is licensed by the Department of Health, Health Care Facilities. The facility has a 5 star rating developed by the Centers of Medicare and Medicaid and had a deficiency free survey in 2014. The facility will continue to be licensed and will strive to continue the 5 star rating by the Centers of Medicare and Medicaid.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

Response: Humphreys County Nursing Home works closely with LPN programs located in Dickson and Henry Counties and attends their job fairs at the schools. Nurse Aide Training programs are located at the Waverly Health Care Center in Waverly, and in Benton and Dickson Counties. Humphreys County Nursing Home marketing group always attends the job fairs at Benton and Dickson Counties. The retention rate for staff at Humphreys County as measured by the Tennessee Medicaid Department by their QuiLTTS Program is 79.4%.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards(4)(a-c)

Response: Three of the guidelines are applicable to this application: (1) Nursing Home Services, (2) Construction, Renovation, Expansion, and Replacement of Health Care Institutions, and (3) Change of Site.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative sessions, amended and changed the codes sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1 – June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services. Need

A. Need

1. According to TCA 68-1 1-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under, plus
.0120 x pop. 65-74, plus
.0600 x pop. 75-84, plus
.1500 x pop. 85, plus

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 2
Projected Bed Need – Humphreys County

Age Group	Use Rate	Population			Bed Need		
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Response: An inventory of the licensed nursing home beds in Humphreys County is represented in the following table. There are no outstanding CONs for nursing home beds in Humphreys County. The utilization of the two nursing homes in Humphreys County is provided in the following table. During 2013, the other nursing home within the County reported an average occupancy rate of 70.39 percent.

Table 6
Summary of Total Utilization in Humphreys County both Nursing Homes
2011- 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.4	88
2013	166	42,295	7,124	49,419	139.4	82

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients

reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

Response: The service area for this project is Humphreys County. At the present time, 89 percent of the residents in Humphreys County Nursing Home were residents of Humphreys County. Residents from no other county accounted for more than 3 percent of the admissions. The majority of the population of Humphreys County resides within 30 minutes of the current and proposed site. See Attachment Nursing Home Services A. 4. Service Area Map.

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered :

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Response: There will be a 4 bed nursing home bed need in 2018. Humphreys County Nursing Home has had an occupancy rate of 98 – 100% occupancy for over 5 years. As of October 2015, Humphreys County turned away 55 skilled residents because there were no available beds at Humphreys County Nursing Home.

A. Occupancy and Size Standards:

- I. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Response: The applicant is projecting an occupancy rate in excess of 90 percent during its second year of operation.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

Response: The average occupancy rate for 2012 was 82 percent but the other nursing home's average census dropped to 70.39 while Humphreys County consistently remained at 98 – 100 percent.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

Response: The following table demonstrates a consistent occupancy above 95 percent for the past 4 years:

Table 4
Humphreys County Utilization
2011 – 2015

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2012	66	20,142	3,364	23,506	64.2	97.3
2013	66	20,879	2,620	23,499	64.4	97.6
2014	66	21,016	2692	23708	64.95	98.4
2015	66	20,711	3079	23790	65.2	98.7

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

Response: The facility will contain 91 beds.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1) Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Response: Additional beds are needed due to the many days of no available beds for referrals. During 2015 there were 88 referrals to the nursing home but the nursing home had no available beds. Average occupancy rates for years 2014: 98.4% and 2015: 98%.

2) For relocation, or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

Response: Due to the 50 year old building which is in need of major work such as emergency generator, wiring of the facility and sewer system. The patient rooms are too small with no

private bathrooms, only two private rooms, no space for rehab services, activities, dining, and administrative space. Due to the suspected cost of renovation and the numerous codes that would be required for any renovation project to meet the current building codes we did not cost out renovation. Also any type of renovation project would likely cause the facility to close to facilitate the renovation.

The proposed cost of relocation of the facility is \$14,500,754. The strengths of this project will allow for a state-of-art building with 71 private rooms and 10 semi-private rooms, more space for rehab, activities, dining, larger patient rooms, and more administrative space. The replacement of the existing building will improve the system of caring for the Humphreys County elderly to more of a resident-centered care environment. There are not weaknesses of the relocation to a new site.

b. The application should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Response: During 2014, Humphreys County provided 23,700 days of patient care. In 2018, the nursing home bed formula determines a need for an additional 4 beds. Even though this is a small number, it does demonstrate that the County's population is increasing and a need for additional beds.

3. For renovation or expansions of existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project

Response: Not Applicable

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Response: Not Applicable

CHANGE OF SITE

c. Applications that include a Change of Site for a health care institution, provide a response to the General Criteria and Standards (4) 9 a-c.

(a) Need – The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.

Response: The new facility located on a change of Site is needed due to many days there are no beds to accept new patients. A total of 88 referrals to Humphreys County Nursing Home from hospital in Dickson, Waverly, and Davidson Counties were declined for admission because there were no beds available in the facility during 2015. Fifty-five (55) of the referrals were skilled residents.

The current site does not have enough acreage to rebuild a new facility or add on to the current facility. In order to have private rooms with private showers and more space for rehab, activities, and dining there must be a change of site.

(b) Economic Factors – The applicant should show the proposed new site would be at least as economically beneficial to the population to be served as the original site.

Response: The proposed facility is expected to have a positive income from operations during its

second year of operation. Currently the facility has a positive cash flow from operations, and is expected to continue to maintain a positive cash flow after the expansion. The economic benefits to the residents of the service area will not change as a result of this relocation. Charges are reasonable and comparable to other facilities in the area.

(c) Contribution to the Orderly Development of Health Facilities and/or services. – The applicant should address any potential delays that would be caused by the proposed change of site, and show that any delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Response: The delay caused by the site change and the construction of a new facility is approximately 12 months. The advantages of a new facility will outweigh any inconvenience caused by the longer time required to complete the project. The improved environment and the amenities – private baths, private rooms, and more space for therapy, activities, and dining are worth the delay in change of site.

d. Application that include a Change of Site for a proposed new health care institutions(one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4) (a-c) of the Guidelines for Growth.

Response: Not Applicable

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: Our mission is “To provide our community the highest quality of care that promotes compassion, resident-centered care, and a financially viable organization”. Our vision is “Continuously strive to be the provider of choice for exceptional long term health care services”. This project will contribute to being a resident-centered care facility with an improved physical plant that adds space to provide the services expected by the patients of Humphreys County Nursing Home. With the added beds it will contribute to a financially viable organization.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2” x 11” sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

Response: Humphreys County is the primary service area. Humphreys County population is expected to increase by 2% percent in the following 3 years. A service area map is presented in Attachment: A. 4 Nursing Home Services - Service Area Map.

4. A. Describe the demographics of the population to be served by this proposal.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 3
Demographic Profile
Humphreys County, Tennessee

Demographic Variable/ Geographic Area	Humphreys County	State of TN Total
Total Population – Current Year	18,519	6,649,438
Total Population – Projected Year 2017	18,551	6,772,022
Total Population - % change	1%	1.02%
*Target Population - Current Year (60)+	4,934	1,420,025
*Target Population – Projected Year 2017	5,052	1,498,934
Target Population - % change	2.4%	5.6%
Target Population – Projected Year as % of Total	27.2%	22.1%
Median Age	41.9	38
Median Household Income	\$42,785	\$44,298
TennCare Enrollees	3,933	1,324,208
TennCare Enrollees as % of Total	21.7%	19.9%
Persons Below Poverty Level	2,574	1,172,700
Persons Below Poverty Level as % of Total	13.9%	17.6%
Adult Obesity	35%	32%
Adult Smoking	22%	23%
Unemployment	8.8%	8.2%

*Target population is population that project will primarily serve. Data from the Tennessee Health Department Vital Statistics, TennCare Data Enrollment

Table 2
Projected Bed Need – Humphreys County

Age Group	Use Rate	Population			Bed Need		
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

Source: Tennessee Population Projects 2010 – 2020, Office of Health Statistics (2013 Revision)

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: Humphreys County Nursing Home does not limit its services to any special needs population within the County. Humphreys County Nursing Home does not discriminate against health disparities, accessibility to consumers, elderly, women, racial and ethnic minorities, and low-income groups has never discriminated against any of these groups. If the project is successful in obtaining the CON with the additional beds, the business plan can address this population's needs much better by having a larger therapy services and larger patient rooms with private showers.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: The utilization of each of the nursing home providers in the service area for the past three years is presented below. Utilization is also summarized for both nursing homes in Humphreys County.

Table 4
Humphreys County Utilization
2011 – 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2011	66	20,177	3,345	23,522	64.4	97.6
2012	66	20,771	2,878	23,649	64.6	97.9
2013	66	21,050	2,675	23,725	65.0	98.5

Table 5
Waverly Health Care Utilization
2011 – 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2011	100	22,426	7,415	29,841	81.8	81.8
2012	100	22,747	6,677	29,424	80.6	80.6
2013	100	21,245	4,449	25,694	70.4	70.39

Table 6
Summary of Total Utilization in Humphreys County
2011- 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.0	87
2013	166	42,295	7,124	49,419	135.0	81

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The utilization data for Humphreys County Nursing Home is presented in the following Table. The utilization projected for the first and second years of operation was based on the number of referral declined in 2015 and the number on the waiting list.

Table 7
Humphreys County Nursing Home
Historical Utilization

Applicant Facility Historical and Projected Utilization – Part 1

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2013	66	66	5.88	47.26	1.15	.14	10.57	65.0	98.5%
2014	66	66	6.26	47.59	1.02	.10	9.96	64.93	98.4%
2015	66	66	4.76	44.61	.82	2.85	12.14	65.18	98.8%
Projected Year 1	91	91	17.00	40.00	3.00	10.00	14.00	84.00	92.3%
Projected Year 2	91	91	18.00	41.00	3.00	11.00	16.00	89.00	97.8%

Applicant Facility Historical and Projected Utilization – Part 2

Variable	2012	2013	2014	2015	Year 1(P)	Year2
Beds	66	66	66	66	91	91
Patient Days	23649	23725	23700	23790	30660	32485
Average Daily Census	64.6	65.0	64.9	65.2	84.0	89.0
% Occupancy	97.9	98.5	98.4	98.8	92.3	97.8

(P) Projected

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

Response: Excluding the filing fee, the estimated project cost, as shown on the Project Costs Chart (Line D), is \$14,468,200. With this project cost, the filing fee is \$32,554 and is shown on Line E of the Project Costs Chart.

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Response: Not Applicable

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Response: The equipment cost is estimated to be \$1,365,000 and includes all of these items where applicable.

- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response: Attachment Economic Feasibility 1 presents a letter from the project architect outlining the estimated construction cost.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	_____ 637,200 _____
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	_____ 60,000 _____
3. Acquisition of Site	_____ 86,000 _____
4. Preparation of Site	_____ 1,200,000 _____
5. Construction Costs (\$180/sq ft.)	_____ 10,620,000 _____
6. Contingency Fund	_____ 400,000 _____
7. Fixed Equipment (Not included in Construction Contract)	_____
8. Moveable Equipment (List all equipment over \$50,000) (15,000/bed)	_____ 1,365,000 _____
9. Other (Specify) _____	_____ 100,000 _____
 B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	_____
2. Building only	_____
3. Land only	_____
4. Equipment (Specify) _____	_____
5. Other (Specify) _____	_____
 C. Financing Costs and Fees:	
1. Interim Financing	_____
2. Underwriting Costs	_____
3. Reserve for One Year's Debt Service	_____
4. Other (Specify) _____	_____
 D. Estimated Project Cost (A+B+C)	
	_____ 14,468,200 _____
E. CON Filing Fee	_____ 32,554 _____
 F. Total Estimated Project Cost (D+E)	
TOTAL	_____ 14,500,754 _____

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☐ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

Response: The project will be funded by a loan from HUD and any supplement funding will be funded by a bank loan and/or funding from Meriwether Lewis Electric Cooperative (MLEC). A letter from HUD stating its willingness to fund this project is presented, Bank letter, and Fact sheet from MLEC in **Attachment C, Economic Feasibility -2. Letter from lending institution.**

3. **Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.**

Response: The following nursing home new construction cost per square foot data was received from the HSDA: Median - \$170.48, and a third quartile of \$185.00. This data was developed using the nursing home CON application filed between 2013 and 2014. With an anticipated construction cost of \$180.00 per square foot, the expected construction cost for this project is reasonable compared to those projects in the HSDS database.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July.

	Year 2013	Year 2014	Year 2015
A. Utilization Data (Specify unit of measure)	23725	23700	23790
B. Revenue from Services to Patients			
1. Inpatient Services	\$4,267,330	\$4,554,798	\$4,582,275
2. Outpatient Services	\$0	\$0	\$0
3. Emergency Services	\$0	\$0	\$0
4. Other Operating Revenue (Specify) <u>Guest meals, beauty shop, etc.</u>	\$10,383	\$9,863	\$10,094
Gross Operating Revenue	\$4,277,713	\$4,564,661	\$4,592,369
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$75,886	\$168,659	(\$218,033)
2. Provision for Charity Care	\$0	\$0	\$0
3. Provisions for Bad Debt	\$67,470	(\$34,287)	\$11,425
Total Deductions	\$143,356	\$134,372	(\$206,608)
NET OPERATING REVENUE	\$4,134,357	\$4,430,289	\$4,798,977
D. Operating Expenses			
1. Salaries and Wages	\$2,255,987	\$2,225,753	\$2,273,542
2. Physician's Salaries and Wages	\$0	\$0	\$0
3. Supplies	\$427,229	\$437,857	\$436,070
4. Taxes	\$326,950	\$318,026	\$445,893
5. Depreciation	\$79,722	\$76,660	\$79,080
6. Rent	\$6,475	\$5,211	\$3,238
7. Interest, other than Capital	\$0	\$0	\$0
8. Management Fees:	\$32,083	\$77,000	\$86,417
a. Fees to Affiliates	\$0	\$0	\$0
b. Fees to Non-Affiliates	\$0	\$0	\$0
9. Other Expenses (Specify) <u>Other dept expenses</u>	\$1,307,241	\$1,198,821	\$1,111,338
Total Operating Expenses	\$4,435,687	\$4,339,328	\$4,435,578
E. Other Revenue (Expenses) – Net (Specify)	\$0	\$0	\$0
NET OPERATING INCOME (LOSS)	(\$301,330)	\$90,961	\$363,399
F. Capital Expenditures			
1. Retirement of Principal	\$0	\$0	\$0
2. Interest	\$0	\$0	\$0
Total Capital Expenditures	\$0	\$0	\$0
NET OPERATING INCOME (LOSS)	(\$301,330)	\$90,961	\$363,399
LESS CAPITAL EXPENDITURES	<u>(\$301,330)</u>	<u>\$90,961</u>	<u>\$363,399</u>

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July.

	Year 2018	Year 2019
A. Utilization Data (Specify unit of measure)	30660	32485
B. Revenue from Services to Patients		
1. Inpatient Services	\$7,578,948	\$8,360,658
2. Outpatient Services	\$0	\$0
3. Emergency Services	\$0	\$0
4. Other Operating Revenue (Specify) <u>Guest meals, etc.</u>	\$22,537	\$23,783
Gross Operating Revenue	\$7,601,485	\$8,384,441
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	(\$896,447)	(\$841,332)
2. Provision for Charity Care	\$0	\$0
3. Provisions for Bad Debt	(\$34,287)	\$0
Total Deductions	(\$930,734)	(\$841,332)
NET OPERATING REVENUE	\$8,532,219	\$9,225,773
D. Operating Expenses		
1. Salaries and Wages	\$3,176,992	\$3,279,017
2. Physician's Salaries and Wages	\$0	\$0
3. Supplies	\$865,625	\$957,810
4. Taxes	\$615,889	\$632,143
5. Depreciation	\$681,818	\$681,818
6. Rent	\$0	\$0
7. Interest, other than Capital	\$0	\$0
8. Management Fees:	\$0	\$0
a. Fees to Affiliates	\$0	\$0
b. Fees to Non-Affiliates	\$0	\$0
9. Other Expenses (Specify) <u>Other dept expenses</u>	\$1,803,517	\$2,329,877
Total Operating Expenses	\$7,143,841	\$7,880,665
E. Other Revenue (Expenses) -- Net (Specify)	\$0	\$0
NET OPERATING INCOME (LOSS)	\$1,388,378	\$1,345,108
F. Capital Expenditures		
1. Retirement of Principal	\$0	\$0
2. Interest	\$0	\$0
Total Capital Expenditures	\$0	\$0
NET OPERATING INCOME (LOSS)	\$1,388,378	\$1,345,108
LESS CAPITAL EXPENDITURES	<u>\$1,388,378</u>	<u>\$1,345,108</u>

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The expected average gross charges, average deduction from operating revenue and the average net charge per patient day is as follows:

	Year 1	Year 2
Average gross charge	247.93	258.10
Average Deduction	30.36	25.90
Average net charge	278.29	284.00

6. A. **Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.**

Response: Rates for Medicare and Medicaid have been adjusted upwards for 2015 and 2016. With implementation of the proposal which would provide additional beds, this would allow the facility to accept more skilled residents which would increase the revenue. For year 2015 as of October 2015, 55 skilled residents were turned away due to no available beds. This proposal would also add additional therapy space and equipment contributing to improved services and satisfaction allowing for better outcomes.

Proposed Charges:

Medicare -----	\$505
TennCare/Medicaid-----	\$215
TennCare/Medicaid(ICF)-----	\$208
Medically Indigent-----	\$0

Current Charges:

Medicare -----	\$410
TennCare/Medicaid-----	\$188
Medically Indigent-----	\$0

- B. **Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).**

Response: The 2013 Joint Annual Report (JAR) of Nursing Homes charge data contains the most currently available nursing home charge data. These charges were used to compare the current charges of the nursing homes in Humphreys County and other similar providers. Humphreys County numbers were put in as room charges not inclusive. Inclusive for Medicare Skilled is \$410.

Table 8
Daily Charge Comparisons

Facility	Medicare Skilled	Medicaid Level 1	Private Pay Level 1	Private Pay Semi-Private
Humphreys County	\$170	\$170	\$175	\$170
Waverly Health Care	\$406	\$157	\$198	\$188
Perry County	\$175	\$175	\$175	\$175
Signature HealthCare of Erin	\$187	\$187	\$190	\$190
Camden Health & Rehab	\$406	\$142	\$171	\$161

Source: 2013 Joint Annual Report of Nursing Homes

The proposed facility will contain 71 private rooms and more therapy space that can contribute to an increase in the Skilled level charges. The expected daily room charge in the new facility is expected to be \$505 for Medicare skilled rooms and \$215 Private Pay. These charges are similar to those currently in the service area.

Medicare pays nursing homes for Part A skilled nursing stays based on a prospective payment system, Resource Utilization Groups (RUGS), that categorizes each resident into a payment group depending upon his or her care and resource needs. Skilled nursing facilities determine a RUG based on 108 items on an assessment of the resident, known as the Minimum Data Set (MDS). The MDS becomes part of the patient's medical record. These 108 items are used to determine the RUG and the payment to the nursing home.

There are seven Major RUG categories: Extensive Services, Special Care, Clinically Complex, Impaired Cognition, Behavior Problem, and Reduced Physical Function. These categories are further divided into 44 subcategories, each has a different Medicare payment rate. Because all Medicare reimbursement is based on this prospective payment system, there is not a practical way to compare Medicare reimbursement to the facility's charges.

The Joint Annual Report Data (JAR) was used to compare the charges at Humphreys County with those of other nursing homes in the area. As shown in Table 6, the Medicare charges are below other nursing home charges and Medicaid charges are comparable to other nursing homes. The 2013 Joint Annual Report (JAR) of Nursing Homes charge data is the most current available nursing home charge data.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: As shown in the Projected Data Chart, the proposed project is expected to have a positive cash flow during its second year of operation. The expected utilization rate is sufficient to maintain a cost-effective facility.

8. **Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.**

Response: As shown in both the Projected Data Chart and the Historical Data Chart, the applicant has maintained a positive cash flow, and is expected to continue to do so after the proposed project is completed.

9. **Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

Response: The applicant will continue to participate in the Medicare, TennCare/Medicaid, and medically indigent care programs. During the second year of operation, gross revenue from each program is estimated to be:

Medicare -----	\$ 2,731,236
TennCare/Medicaid-----	\$ 3,547,772
Medically indigent-----	\$ -0-

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: The financial statements for Humphreys County Nursing Home are presented in **Attachment C. Economic 10.**

11. **Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**

- a. **A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.**

Response: Because of the limited acreage of the current location, renovation of the current facility makes it impossible to add any private rooms or therapy, activities, dining or administrative space. Repair of the sewer system is imbedded in concrete and is in need of replacing. This renovation alone would require the facility to move current residents to other facilities in order to repair.

- b. **The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

Response: During the planning of this project we did have some evaluation of the current site to add two 16 bed cottages on the current site but there was not enough acreage to continue with this possibility. It was determined at this time that new construction was the most feasible alternative and would result in a higher quality facility

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- 1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

Response: Humphreys County Nursing Home has transfer agreements with Three Rivers Hospital, hospice agencies covering Humphreys County, and participates in the following MCOs/BCOs – Amerigroup, United Healthcare Community Plan, and BlueCare Tennessee. Contracts are in place with local emergency services and laboratory services.

- 2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

Response: This applicant is requesting to replace this 50 year old facility with a 91 bed state-of-the-art facility at a new location one mile north of the current location. The effects of this proposal are only positive on the health care system.

There will be no duplication of services from this proposal since these services are currently provided by two nursing homes in the County. The implementation of this project will increase the accessibility to nursing home care to the residents of the service area. A new facility will provide private rooms to many of the residents currently residents at Humphreys County Nursing Home.

- 3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Response: During FY 2014-2015, the facility was staffed with 79.7 FTEs. The clinical staffing was 52.34 FTEs and consisted of 2.48 Registered nurses, 15.41 Licensed Practical Nurses, 34.45 Certified Nursing Technicians and contracted 1.0 Physical Therapists, .25 Speech Therapists, 1.0 Occupational Therapists, and 1 Social Service Director. The remaining 26.36 FTEs were in non-clinical areas i.e., administration, dietary, housekeeping, etc. The facility was staffed at 6.99 paid hours per patient day.

During the second year of operation, the patient care staffing (clinical) is expected to be 62.5 FTEs. This staff includes 3.4 Registered Nurses, 17.1 Licensed Practical Nurses, 42.00 Certified Nurse Technicians, 2.0 Physical Therapists, 1.0 Speech Therapist, 1.5 Occupational Therapists, and 1 Social Services. The planned direct nursing hours are 3.75 hours per patient day. The expected salary, compared to those of the 2013 Tennessee Department of Labor & Workforce Development, is presented in the following table.

Table 9
Salary Comparisons

Position	Expected Wage	Median Wage
Registered Nurse	\$22.93	\$27.10
Licensed Practical Nurse	\$18.18	\$17.31
Certified Nursing Technician	\$10.76	\$11.36
Physical Therapist	\$38.00	\$40.08
Speech Therapist	\$33.00	\$37.50
Occupational Therapist	\$33.00	\$39.37

- 4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Response: The applicant has operated in the state for many years and has always been successful in attracting and retaining adequate professional and support staff. The expected total staffing, during the first year of operation is 95.5 FTEs. The applicant does not anticipate a problem in recruiting this staff.

- 5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.***

Response: The applicant has operated in the State of Tennessee for over 49 years. The management company has worked with nursing homes throughout Tennessee and has extensive operational and clinical training within the nursing home industry. Therefore the management company is very familiar with and understands all licensing and certification requirements of the State of Tennessee.

- 6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Response: This applicant is not planning to participate in the training of students.

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

Response: As noted in the response to question 5, Humphreys County Nursing Home and the management company have extensive experience in long term care, and is familiar with the Tennessee Department of Health's licensure requirements. The facility will be certified for Medicare and Medicaid. The applicant understands the requirements of the various governmental authorities.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: Humphreys County Nursing Home is licensed by the Tennessee Department of Health.

Certification: Centers of Medicare and Medicaid Services

Accreditation: N/A

- (c) **If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.**

Response: The applicant is in good standing with the Department of Health. A copy of the current license is presented in **Attachment Orderly Development 7. (b). 1.**

- (d) **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

Response: A copy of the last inspection, the corrective action plan and final clearance letter are presented in **Attachment Orderly Development 7. (b) 2.**

8. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

Response: None

9. **Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.**

Response: None

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: The applicant currently provides and will continue to provide, appropriate agencies information concerning the number of patients treated, type of procedures performed and other data as required.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Attached is the publication affidavit from the newspaper for proof of publication of the notice of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

Response: The chart is completed and attached.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

Response: Because of the anticipated time required to complete this project, the applicant is requesting an extension of 12 months or a total time of 36 months.

Cost of Publication

\$51.25

Proof of Publication

PUBLICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. 168-11-1601 et seq., and the Rules of the Health Services and Development Agency that:

Humphreys County Nursing Home, operated by Humphreys County Nursing Home, a not-for-profit Tennessee corporation (the "applicant") intends to file an application for a Certificate of Need for: Change of Site/Relocation of 66 Beds from the original site located at 670 Highway 13 South, Waverly, Tennessee. The undeveloped property does not have an address. Its location is on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive. The new proposed site is approximately 15.4 acres. The project is requesting an additional twenty five (25) Nursing Home Beds. The estimated project cost is projected to be \$14,500,000.00.

The anticipated date of filing the application is November 10, 2015. The contact person for this project is Bill Sullivan, Administrator who may be reached at Humphreys County Nursing Home, 670 Highway 13 South, Waverly, Tennessee 37185 (931) 296-2532.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor

502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. 168-11-1607©(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Publication Date: November 6,
2015.

STATE OF TENNESSEE, } County of Humphreys County

Personally appeared before me,

Betty J. Vetter, a Notary Public

of Humphreys County, Tennessee, Ward Phillips, Publisher, or Kerry Lampley Asst. Advertising Manager, for THE NEWS DEMOCRAT, a weekly newspaper, affirm that the hereto attached duplication appeared in the same on the following dates,

November 6, 2015

_____ 20

_____ 20

_____ 20

Ward Phillips

This legal notice was published online at www.thenews-democrat.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with the Tennessee Code Annotated 1-3-120.



Subscribed and sworn to before me
on this 6 day of November, 2015

Betty J. Vetter
Notary Public

My Commission Expires October 12, 2016

Public Notices

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated March 12, 2009, and the Deed of Trust of even date securing the same, recorded March 27, 2009, in Book No. TD207, at Page 611, in Office of the Register of Deeds for Humphreys County, Tennessee, executed by Jennifer McKellar and Timothy McKellar, conveying certain property therein described to Michael A. Fearnley as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for Dover Mortgage Company, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by JPMorgan Chase Bank, National Association.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by JPMorgan Chase Bank, National Association, will, on December 1, 2015 on or about 1:00 PM, central standard time, at the Humphreys County Courthouse, Waverly, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Humphreys County, Tennessee, and being more particularly described as follows:

Being a certain tract or parcel of land lying and being situated in the second civil district of Humphrey's County, Tennessee, located on the east side of and adjacent to West End Drive, near the southwest city limit of Waverly Tennessee and being known as Lot Number 23 of Saunders Third Addition to the City of Waverly of record in Plat Book 2, Page 46, Register's Office of Humphrey's County, Tennessee and being more particularly described as follows: Beginning at an iron pin in the east right of way of West End Drive, said point being the northwest corner of Lot Number 24, and runs thence with the right of way of said street North

NOTICE TO CREDITORS

ESTATE OF HOLICE GENE PRUETT
(Deceased)
P-2185-15

Notice is hereby given that on the 27th day of October, 2015, Letters of Administration in respect to the Estate of HOLICE GENE PRUETT, deceased, who died August 21, 2015, were issued to the undersigned by the Probate Court of Humphreys County, Tennessee.

All persons, resident and non-resident, having claims, matured or un-matured, against his estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will forever be barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this Notice if the creditor received an actual copy of this Notice to Creditors at least sixty (60) days before date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date of the creditor received an actual copy of the Notice to Creditors, if the creditor received a copy of the Notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1)(A); or

(2) Twelve (12) months from the decedents date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

This 27th day of October, 2015.

/s/ Jane Ellen Pruett, Executrix
Estate of HOLICE GENE PRUETT
Deceased

/s/ Cindy Wilson, Clerk of Court
By: Ashley Allen, Deputy Clerk

John Lee Williams, Esq.
102 South Court Square
Waverly, Tennessee 37185
931-296-7741

Publication Dates: November 06 and 13, 2015.

PUBLICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Publication Date: November 6, 2015.

NOTICE TO CREDITORS

ESTATE OF GLEN ELVIN ANDERSON
(Deceased)
P-2187-15

Notice is hereby given that on the 27th day of October, 2015, Letters of Administration in respect to the Estate of GLEN ELVIN ANDERSON deceased, who died June 29, 2015, were issued to the undersigned by the Probate Court of Humphreys County, Tennessee.

All persons, resident and non-resident, having claims, matured or un-matured, against his estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will forever be barred:

(1) (A) Four (4) months from the date of the first publication (or posting, as the case may be) of this Notice if the creditor received

an actual copy of this Notice to Creditors at least sixty (60) days before date that is four (4) months from the date of the first publication (or posting); or

(B) Sixty (60) days from the date of the creditor received an actual copy of the Notice to Creditors, if the creditor received a copy of the Notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1)(A); or

(2) Twelve (12) months from the decedents date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

This 27th day of October, 2015.

/s/ Fran Mosley, Administratrix
Estate of GLEN ELVIN ANDERSON
Deceased

/s/ Cindy Wilson, Clerk of Court
By: Ashley Allen, Deputy Clerk

Crystal Morgan, Esq.
P.O. Box 148016
Nashville, Tennessee 37214
615-788-2263

Publication Dates: November 06 and 13, 2015.

BID REQUEST

The Humphreys Highway Department will be accepting bids for: Supply the period of January 1 to June 30, 2016: Crushed Chert, Metal Pipe, Hot Mix Asphalt (County & State-Aid) FOB, Striping (County), RS-2/1 RM-90 oils, and Scrap Metal. Sealed bids will be received at the Highway Department Thursday, November 19, 2015 at 10:00 a.m.

For specifications contact the Highway Department at (931) 2121.

Publication Dates: November 06 and 13, 2015.

**TDF Rer
& Roofing**
*Prompt and Professional
Fully Insured
All Phases of
931-*

Public Notice

TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Division of Water Resources

William R. Snodgrass Tennessee Tower

312 Rosa L. Parks Ave., 11th floor

Nashville, TN 37243

TO WHOM IT MAY CONCERN:

The application described below has been submitted for an aquatic resource act under the Tennessee Water Quality Control Act of 1977, T.C.A., section 69-3-108. In addition, the application is required from the U. S. Army Corps of Engineers and the Tennessee Valley Authority Clean Water Act and section 26a of the Tennessee Valley Authority Act, respectively. The Clean Water Act requires that an applicant obtain a water quality certification from the Tennessee Valley Authority. This notice may cover applications subject to section 401.

PERMIT APPLICATION NUMBER:

NRS15.133

APPLICANT:

Tennessee Valley Authority

way of West End Drive, said point being the northwest corner of Lot Number 24, and runs thence with the right of way of said street North 44 degrees 28 minutes east 25 feet north 20 degrees 44 minutes east 51.18 feet to an iron pin. The southwest corner of Lot Number 22 runs thence with the south boundary of Lot Number 22 south 79 degrees 33 minutes east 149.69 feet to an iron pin in Saunders boundary. Thence runs south 25 degrees 15 minutes west 112.94 to a stump at the northeast corner of Lot 24; thence runs with the north boundary with Lot Number 24 north 64 degrees 43 minutes west 1148.93 feet to a point of beginning; containing an area by computation of 0.31 acre. Survey made of 01/12/76 by Thomas C. White and Associates, Waverly Tennessee, all bearings given in reference to magnetic meridian approximate declination at time of survey 2 degrees 15 minutes east.

ALSO KNOWN AS: 230 West End Drive, Waverly, TN 37185

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property:

JENNIFER MCKELLAR

TIMOTHY MCKELLAR

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. W&A No. 202291

DATED October 13, 2015

WILSON & ASSOCIATES,
P.L.L.C.,

Successor Trustee

Publication Dates: October 23
and 30 and November 6, 2015.

PUBLICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. 68-11-1601 et seq., and the Rules of the Health Services and Development Agency that:

Humphreys County Nursing Home, operated by Humphreys County Nursing Home, a not-for-profit Tennessee corporation (the "applicant") intends to file an application for a Certificate of Need for: Change of Site/Relocation of 66 Beds from the original site located at 670 Highway 13 South, Waverly, Tennessee. The undeveloped property does not have an address. Its location is on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive. The new proposed site is approximately 15.4 acres. The project is requesting an additional twenty five (25) Nursing Home Beds. The estimated project cost is projected to be \$14,500,000.00.

The anticipated date of filing the application is November 10, 2015. The contact person for this project is Bill Sullivan, Administrator who may be reached at Humphreys County Nursing Home, 670 Highway 13 South, Waverly, Tennessee 37185 (931) 296-2532.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. 68-11-1607(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled;

NRS15,133

APPLICANT:

Tennessee Valley Authority
1101 Market St., LP 50-C
Chattanooga, TN 37402
423-751-8246

LOCATION:

Tennessee River/Kentucky Reservoir in Humphreys County; 36.038382N, -87

PROJECT DESCRIPTION:

The applicant is requesting a section 401 water quality certification that would be approximately 1,000 linear feet of riprap revetment. The original rock buttressing projects to address longstanding stormwater management, maintenance and erosion of Ash Area No. 1. The buttress was constructed along the dike face from Decatur authorized under general ARAP No. NRS 14.162 for bank stabilization. TVA was scope of work permitted under the NRS 14.162 prior to the general ARAP's expiration.

The buttress was constructed above the summer pool elevation of Kentucky Lake to Ash Area No. 1, but not completed on the bottom of the slope below summer pool elevations. The project will involve extending the buttress from the existing summer pool shoreline into 1 winter pool elevations.

The riprap would be installed from the dike crest (elevation 381) and is proposed level (elevation 354 or higher, depending on conditions encountered during data collection).

More details on the proposal can be viewed on the Internet at <http://www.state.tn.gov/environment/dataviewer> or on the department's dataviewer at <http://www.tn.gov/environment/dataviewer>

In accordance with the Tennessee Antidegradation Statement (Rule 0400-40-00) determined that the proposed activity will result in degradation to water quality.

WATERSHED/WATERBODY DESCRIPTION:

The watershed is the Tennessee River Western Valley-Kentucky Lake and this Kentucky Reservoir. Kentucky Reservoir at this river segment is exceptional Te ETW designation is because of the presence of listed threatened and endangered segment ID is TN06040005020_1000.

This stream segment is designated for the following classified uses: industrial water supply, livestock watering and wildlife, irrigation, recreation, and fish and wildlife supported.

PERMIT COORDINATOR:

Robert Baker

No decision has been made whether to issue or deny this permit. The purpose of this notice is to inform interested parties of this permit application and to ask for comments and information on possible impacts to water quality. Persons wishing to comment on the proposed project must submit comments to the department. Written comments must be received within **30 calendar days** of the date this notice is posted. Comments will become part of the record and will be considered in the permit decision. The applicant's name and permit number should be referenced. Comments may be submitted to water.permits@tn.gov.

The permit application, supporting documentation including detailed plans and maps are available for review and/or copying at the department's natural resources section. Persons wishing to request a public hearing on this application must also request in writing that the department hold a public hearing on this application within the comment period. Indicate the interest of the person requesting it, the issues being raised and the water quality issues being raised. When there is sufficient public interest, the department shall hold a public hearing in accordance with 0400-40-00.

In deciding whether to issue or deny a permit, the department will consider all applicable federal and state laws. In making this determination will be made regarding the lost value of the resource compared to any proposed mitigation. The department shall consider practicable alternative mitigation. The department shall also consider loss of waters or habitat, diminution of the water resource, and the impact of the project on the water resource.

DID YOU KNOW?

We also provide

**Short Term Skilled Nursing Care
& Rehabilitation Services**

*We accept Medicare, Medicaid,
Insurance and Private Pay*

"Skilled care by a caring staff"

Humphreys County Nursing Home

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): Feb. 17, 2015
 Assuming the CON approval becomes the final agency action on that date; indicate the number of days
 from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
<u>1. Architectural and engineering contract signed</u>	<u>210</u>	<u>09/2016</u>
<u>2. Construction documents approved by the Tennessee Department of Health</u>	<u>210</u>	<u>04/2017</u>
<u>3. Construction contract signed</u>	<u>30</u>	<u>05/2017</u>
<u>4. Building permit secured</u>	<u>31</u>	<u>06/2017</u>
<u>5. Site preparation completed</u>	<u>60</u>	<u>08/2017</u>
<u>6. Building construction commenced</u>	<u>31</u>	<u>09/2017</u>
<u>7. Construction 40% complete</u>	<u>120</u>	<u>01/2018</u>
<u>8. Construction 80% complete</u>	<u>90</u>	<u>04/2018</u>
<u>9. Construction 100% complete (approved for occupancy)</u>	<u>91</u>	<u>07/2018</u>
<u>10. *Issuance of license</u>	<u>60</u>	<u>09/2018</u>
<u>11. *Initiation of service</u>	<u>10</u>	<u>09/2018</u>
<u>12. Final Architectural Certification of Payment</u>	<u>91</u>	<u>12/2018</u>
<u>13. Final Project Report Form (HF0055)</u>	<u>60</u>	<u>02/2019</u>

*** For projects that do NOT involve construction or renovation: Please complete
 items 10 and 11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final
 determination to reflect the actual issue date.**

This Applicant is requesting 36 months to complete this project.

AFFIDAVIT

NOV 10 15 03:59

STATE OF TN

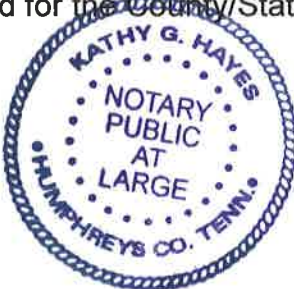
COUNTY OF Humphreys

Sam W Sullivan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Sam W Sullivan
SIGNATURE/TITLE

Sworn to and subscribed before me this 9th day of November, 2015 a Notary
(Month) (Year)

Public in and for the County/State of Humphreys, TN



Kathy G Hayes
NOTARY PUBLIC

My commission expires Feb-16, 2016
(Month/Day) (Year)

ATTACHMENTS

TABLE OF CONTENTS

- 1) Attachment A.4.1 Copy of Charter & By-Laws
- 2) Attachment A.4.2 Corporate Organization Chart
- 3) Attachment A.5.1 Management Company Contract
- 4) Attachment A.6.1 Copy of Option to Purchase
- 5) Attachment B. Project Description Codes Letter
- 6) Attachment B. III.A. Plot Plan
- 7) Attachment B. IV. Floor Plan
- 8) Attachment Nursing Home Services A. 4. Service Area Map
- 9) Attachment Economic Feasibility 1 –Letter from project architect outlining the estimated construction cost
- 10) Attachment C, Economic Feasibility – 2. Letter from lending institution
- 11) Attachment C, Economic Feasibility 10. Financial Statements
- 12) Attachment Orderly Development 7. (b) 1. Copy of License
- 13) Attachment Orderly Development 7. (b) 2. Copy of Last Inspection, Corrective Action Plan, and Clearance Letter
- 14) Copy of Letter of Intent

ATTACHMENT A.4.1
COPY OF CHARTER & BY-LAWS

4/15/97

RESTATED BY-LAWS
OF
HUMPHREYS COUNTY NURSING HOME

ARTICLE I
PURPOSE AND CONSTITUTION OF THE
Corporation

1.01. No Members or Shareholders of the Corporation. The corporation shall have no members or shareholders, but shall consist solely of directors who hold office from time-to-time.

1.02. No Payment of Dividends. No dividends shall be paid by the corporation to any person.

ARTICLE II
MEETINGS

2.01. Annual Meeting. The annual meeting of the directors shall be held at 7:00 o'clock p.m. on the Second Tuesday in January of each year or as close thereto as practicable at the offices of the corporation in Waverly, Tennessee.

2.02. Regular Meetings. Regular meetings of the directors shall be held on the Second Tuesday of each month at 7:00 o'clock p.m., prevailing central time, at the offices of the corporation.

2.03. Special Meetings. Special meetings of the directors may be called by the chairman or a majority of the directors. Such meetings shall be held at the offices of the corporation.

2.04. Notice of Special Meetings. Written notice stating the day and time of any special meeting, and the purpose for which the meeting is called and the person or

persons calling the meeting, shall be delivered to each director not less than five (5) days before the date of the meeting. Notice shall be deemed delivered when actually received by a director. The person giving such notice shall certify that the required notice has been given.

2.05. Quorum Requirements. A majority of the directors shall constitute a quorum at any meeting for the transaction of business. A meeting may be adjourned without the presence of a quorum and a further meeting may be held as adjourned without further notice. When a quorum is present at any meeting a majority of the directors present shall decide any question brought before such meeting unless the question is one upon which these By-Laws or the Laws of the State of Tennessee require a larger or different vote.

ARTICLE III BOARD OF DIRECTORS

3.01. General Powers. The business and affairs of the corporation shall be managed and controlled by the directors. Execution thereof may be vested in such officers, agents or employees as they from time-to-time provide.

3.02. Qualification and Term. Directors shall be freeholders, citizens and residents of Humphreys County, Tennessee; provided, however, a director once elected with the requisite residency qualification shall remain eligible to serve and be re-elected notwithstanding that he or she removes his or her residency from Humphreys County, Tennessee. Each director shall hold office for a term of three (3) years and thereafter until his or her successor is elected.

3.03. Election. Prior to the expiration of the term of a director or upon occurrence of a vacancy, the directors

shall notify the County Executive of Humphreys County, Tennessee of such fact and shall recommend a suitable person to serve in the position. The County Executive of Humphreys County, Tennessee shall name a person to serve as a director subject to confirmation by the Board of County Commissioners of Humphreys County, Tennessee. The person so named and confirmed shall become the director for the term specified.

3.04. Expulsion. A director may be expelled or dismissed for cause by a two-thirds vote of the entire membership of the board of directors called for the purpose of considering such expulsion or dismissal and pursuant to written notice given at least ten (10) days prior to such meeting with the reasons for such proposed expulsion or dismissal stated. The director against whom expulsion or dismissal is proposed shall have a right to be heard.

3.05. Remuneration. No director shall be entitled to remuneration for services as a director. However, the corporation may reimburse or pay for expenses incurred by them in connection with performance of their duties as director.

3.06. Number. There shall be seven (7) directors of the corporation.

ARTICLE IV OFFICERS OF THE BOARD OF DIRECTORS

4.01. Number. The corporation shall have a chairman and a vice chairman of the board of directors.

4.02. Election and Term. The officers of the board of directors shall be elected at the annual meeting. Each such officer shall serve until the expiration of the term for which elected and thereafter until his or her successor is elected.

4.03. Duties. Officers of the board shall have such authority and perform such duties as the directors may from time-to-time provide. The chairman shall conduct the meetings of the corporation and in his or her absence such duties shall devolve upon the vice chairman. The secretary of the corporation shall attend meetings of the directors and shall serve as recording secretary of its proceedings and minutes.

ARTICLE V OFFICERS OF THE CORPORATION

5.01. Election of Officers of the Corporation. The directors may elect from their number or may elect any other person to be president and to be secretary of the corporation. The directors may provide for such other officers as they deem advisable from time-to-time.

5.02. Election and Term. Officers of the corporation shall serve until the expiration of the term for which elected and thereafter until their successors are elected or until such time as the directors shall remove such officers as hereinafter provided.

5.03. Duties. The officers of the corporation shall have such authority and perform such duties as the directors may from time-to-time provide.

5.04. Administrator. The directors shall appoint from time-to-time a qualified person to serve as the administrator of the health care facilities operated by the corporation. The administrator shall be the chief operating officer of the corporation and shall see that all orders and resolutions of the directors are carried into effect and shall exercise the general and active management and supervision of the affairs and business of the corporation and of its employees and perform such other duties as the directors may prescribe. The

administrator shall be vested with the authority to employ and discharge employees and to fix their salaries with the approval of the directors. The administrator shall attend all meetings of the directors and report on matters from time-to-time as required by the directors. The administrator shall make such recommendations to the directors deemed in the best interest of the corporation.

ARTICLE VI
FINANCIAL AFFAIRS & CONTRACTING

6.01. Custody of Funds. All funds of the corporation shall be under the supervision and control of the administrator and shall be paid out only on check or order drawn and countersigned in such manner as the directors may provide.

6.02. Purchasing. The administrator shall have the power and authority to make purchases for and on behalf of the corporation from time-to-time in such manner and to such extent as may be provided by the directors.

6.03 Signing of Contracts. The chairman of the board is empowered to sign all contracts for and on behalf of the corporation. Other officers may be authorized to sign contracts, documents or other binding obligations on behalf of the corporation from time-to-time.

ARTICLE VII
RESIGNATIONS, REMOVALS AND VACANCIES

7.01. Resignations. A director may resign at any time by giving written notice to the chairman or to the secretary. A resignation shall take effect at the time specified therein or if no time is specified then upon acceptance by the directors.

7.02. Removal of Officers, Agents or Employees. An agent, officer or employee of the corporation may be

removed by the directors whenever in their judgment the best interests of the corporation will be served thereby.

7.03. Vacancies. Vacancies in any office, except directors, shall be filled by vote of a majority of the directors then in office, even if less than a quorum exists.


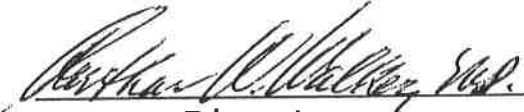
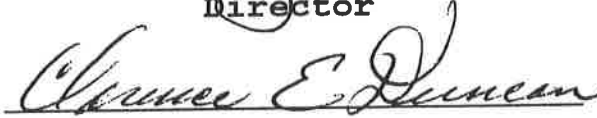
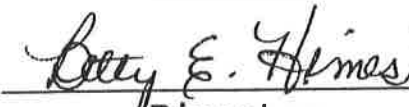
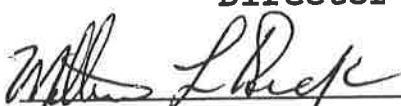
ARTICLE VIII
ACTION BY CONSENT

8.01. Whenever the directors are required or permitted to take any action by vote, such action may be taken without a formal meeting on unanimous written consent setting forth the action so taken and signed by all the persons entitled to vote thereon.

ARTICLE IX
AMENDMENT OF BY-LAWS

9.01 These By-Laws may be amended, added to, or repealed by a two-thirds majority vote of the directors.

Adopted and approved: 4/15/97

 _____ Director	 _____ Director
 _____ Director	 _____ Director
 _____ Director	_____ Director

Director

LAW OFFICES
PORCH, PEELER, WILLIAMS & THOMASON
A PROFESSIONAL CORPORATION

WM. J. PEELER
JOHN LEE WILLIAMS
ROBERT I. THOMASON, JR.

102 SOUTH COURT SQUARE
WAVERLY, TENNESSEE 37185-2198

TELEPHONE (615) 296-7741
TELECOPIER (615) 296-9206

BILL T. MURRAY (1926-1967)
D. SCOTT PORCH, JR. (1927-1978)

March 17, 1997

Mrs. Vera Albright, Administrator
Humphreys County Nursing Home
P. O. Box 476
Waverly, Tennessee 37185

Re: Corporate By-Laws Revision

Dear Vera:

Per your request I have revised the By-Laws for Humphreys County Nursing Home to restate them with the current provisions as I understand them to be and particularly including the manner of election of directors and the eligibility of any director to serve even though he removes his residence from Humphreys County.

I believe that these By-Laws are a good set of By-Laws and are in keeping with the best interest of your operation. I recommend them without reservation to the Board of Directors.

I suggest that you send each of them a copy for them to review. If there is anything they want changed or prefer otherwise just let me know.

When they are in final form there should be action reflected in your minutes where they are adopted and this original set should be signed by each of the Directors and inserted into the Corporate Minute Book.

So that my file will be complete I would appreciate it if you would send me a photocopy of the By-Laws after they have been finally adopted and executed.

PORCH, PEELER, WILLIAMS & THOMASON

Mrs. Vera Albright

Page Two

March 17, 1997

If you have any questions or you see any changes that you think should be made please let me know.

With best personal regards, I remain

Sincerely yours,


John Lee Williams

JLW:jm

PPW-1717

Enclosure as stated

State of Tennessee



Department of State

I, **Joe C. Carr**, Secretary of State of the
State of Tennessee, do hereby certify that the annexed Instrument
with Certificate of Acknowledgment was filed in my office and re-
corded on the 10th day of April 1967

IN CORPORATION RECORD BOOK VOLUME O-26, PAGE 2467

In Testimony Whereof, I have hereunto subscribed my
Official Signature and by order of the Governor affixed the Great

CHARTER OF INCORPORATION

BE IT KNOWN that J. LAWRENCE BRADLEY, SR., CARLOS DYER, TOM LARKINS, DR. A. C. EMMERT, FRED GENTRY, M. W. WARREN and DOYLE DILLINGHAM, citizens and residents of Humphreys County, Tennessee, have associated ourselves together for the purpose of forming a non-profit corporation, without capital stock, under the laws of the State of Tennessee.

ARTICLE I: The name of this corporation shall be THE HUMPHREYS COUNTY NURSING HOME.

ARTICLE II: The principal place of transacting business of this corporation shall be The Humphreys County Nursing Home, South Church Street, Waverly, Tennessee.

ARTICLE III: The general nature of the business to be transacted by this corporation shall be the housing, feeding, clothing and looking after the health, happiness, and general welfare of the people of Humphreys County, Tennessee, who may qualify under the rules and by-laws of this corporation, for admittance as patients.

ARTICLE IV: This corporation shall have no capital stock, and shall pay no dividends or salary to its incorporators or the Board of Directors.

ARTICLE V: The corporation shall have the general

mixed, by purchase, gift, devise or bequest, sell the same and apply the proceeds towards the promotion of the objects for which it is created, or hold any such property and apply the income and profits towards such objects.

ARTICLE VIII: To establish by-laws and make all rules and regulations not inconsistent with the laws and constitution deemed expedient for the management of the corporation.

ARTICLE IX: To employ such necessary help, or subordinate officials, in addition to the duly constituted officers, as the business of the corporation may require, name the duties of subordinate officers and fix their compensation.

ARTICLE X: To rent or lease real estate and/or equipment at a reasonable rental for same, upon and with which to conduct the business of the corporation.

ARTICLE XI: To borrow money to be used in payment of property bought by it and for erecting buildings, making improvements, and for other purposes germane to the objectives of its creation, and secure the repayment of the money thus borrowed by mortgage, pledge, or deed of trust upon such property, real, personal or mixed, as may be owned by it; and it may, in like manner, secure by mortgage, pledge or deed of trust, any existing indebtedness which it may have lawfully contracted.

shall be conducted in such a manner as to conform to all federal and state statutes and for regulations relating to the operation of nursing homes.

ARTICLE XIV: To have a right to contract with the Department of Public Welfare of the State of Tennessee or Humphreys County, or any religious, charitable, or any other organization or institution or person, or persons, to board and care for patients at reasonable compensation for such board and care.

ARTICLE XV: The business of this corporation shall be conducted by a Board of seven (7) Directors. Four (4) members of the Board of Directors shall constitute a quorum. The Board of Directors shall hold office until their successors are duly elected, and have qualified. The Board of Directors shall determine the policies and activities of the corporation, and have general management of the corporation, subject to the limitations of the Articles of Incorporation. The Board of Directors shall elect a president, vice-president, secretary and treasurer of the corporation, who shall be chosen from the Board of Directors and shall hold office subject to the pleasure of the Board of Directors. One person may hold the office of both secretary and treasurer.

ARTICLE XVI: The Board of Directors shall be elected for staggering terms. Three (3) shall be chosen to serve for three (3) years, three (3) for two (2) years and one (1) for one (1) year. At the expiration, the director elected for one (1) year to fill for a term of three (3) years.

will be presented for adoption.

We, the undersigned incorporators, hereby apply to the Secretary of State of the State of Tennessee, for a Charter of Incorporation for the purposes and objects declared in the foregoing instrument.

Witness our hands this the 3rd day of April 1967.

Charles Dyer
President

Arthur E. Ennis, Jr.
Vice-President

J. Doyle Dillingham
Secretary-Treasurer

J. D. Brasley, Jr.

M. W. Wynn

Tom Clark

Paul Gentry

STATE OF TENNESSEE
COUNTY OF HUMPHREYS

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, the within named, J. Lawrence Bradley, Sr., Carlos Dyer, Tom Larkin, Dr. A. C. Emmert, Fred Gentry, M. W. Warren and Doyle Dillingham, with whom I am personally acquainted, and who acknowledged that they executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

WITNESS MY HAND and official seal at office in Waverly, Tennessee, this the 4th day of April 1967.

Oliver W. James
Notary Public

My Commission expires: 7-18-67

STATE OF TENNESSEE • HUMPHREYS COUNTY
RECEIVED FOR RECORD THE 17 DAY OF April
1967 AT 8:15 O'CLOCK A. M., AND NOTED IN
NOTE BOOK NO. 9, PAGE NO. 30; RECORDED
THE 17 DAY OF April 1967 IN Misc.
BOOK NO. 1, PAGE 199
WITNESS MY HAND *Mrs. Anne P. Westbrook*
MRS. ANNE P. WESTBROOK
HUMPHREYS COUNTY REGISTER
MEMPHIS, TENNESSEE

Secretary of State
Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 08/30/90
REQUEST NUMBER: 1908-0620
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/28/90 1612
EFFECTIVE DATE/TIME: 08/28/90 1612
CONTROL NUMBER: 0076066

TO:
HUMPHREYS COUNTY NURSING HOME, INC.
SOUTH CHURCH ST
P.O. BOX 476
WAVERLY, TN 37185

RE:
HUMPHREYS COUNTY NURSING HOME (THE)
CHARTER AMENDMENT

THIS WILL ACKNOWLEDGE THE FILING OF THE ENCLOSED DOCUMENT ON THE DATE SHOWN ABOVE TO BE EFFECTIVE AS INDICATED.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

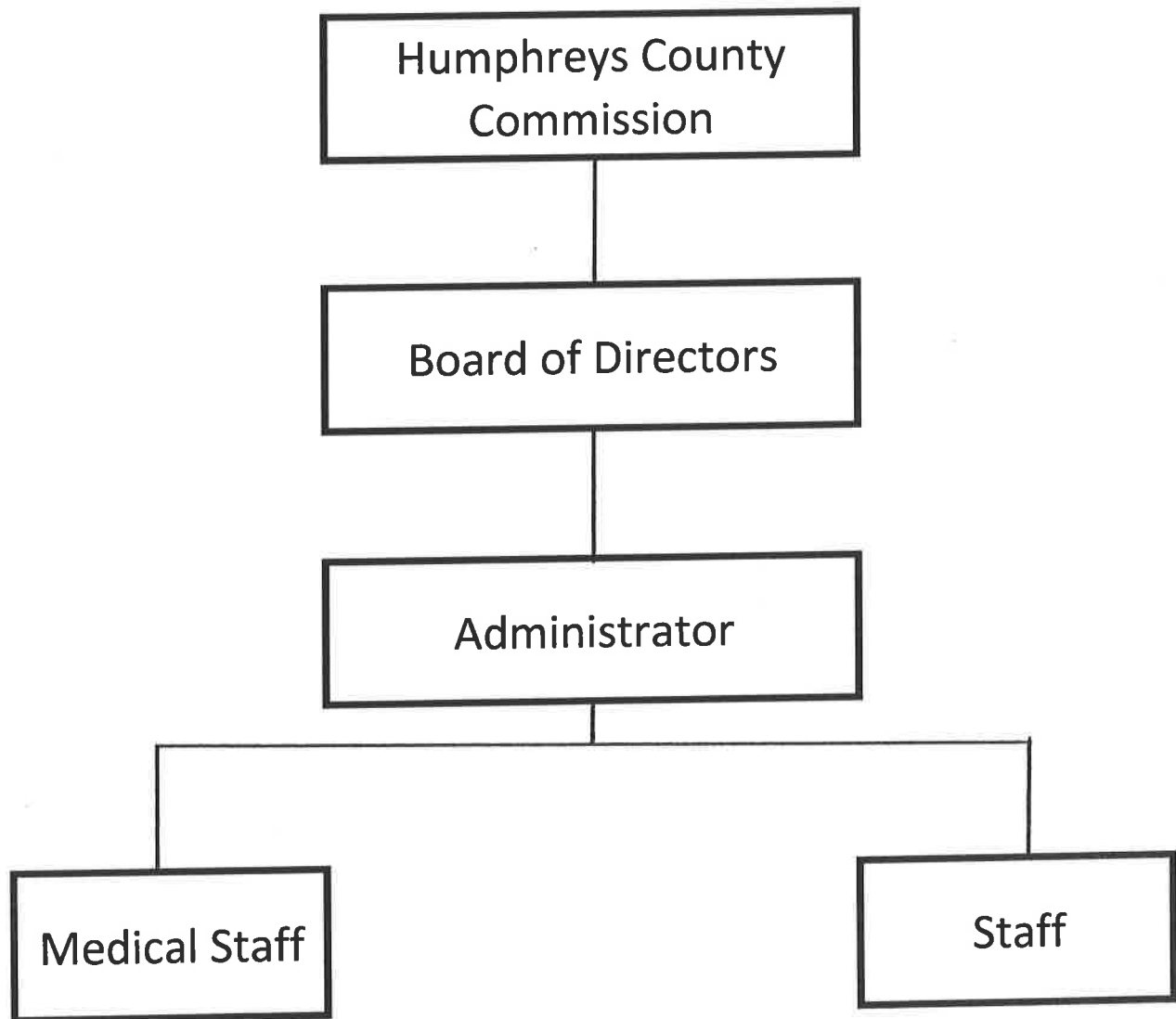
WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

ATTACHMENT A.4.2

CORPORATE ORGANIZATION

CHART

Humphreys County Nursing Home Corporate Organizational Chart



ATTACHMENT A.5.1
MANAGEMENT COMPANY
CONTRACT

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT ("**Agreement**") is made and entered into effective as of the 1ST day of February, 2015, by and between **Humphreys County Nursing Home**, ("**Operator**") and **Key Management Associates, LLC.**, a Tennessee corporation ("**Manager**").

WITNESSETH:

WHEREAS, Operator holds a license and all other permits and approvals necessary to operate that certain nursing facility known as **Humphreys County Nursing Home** located at **670 Hwy 13 South, Waverly, TN 37185** (the "**Project**"); and

WHEREAS, Manager is engaged in the business of managing long term care facilities; and

WHEREAS, Operator desires to have Manager serve as manager for the Project, as an independent contractor, and Manager is willing serve as manager pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and for other good and valuable considerations, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

When used in this Agreement, the following words or terms shall have the following definitions:

1.1 "**Approved Budget**" shall have the meaning given in Section 3.1.

1.2 "**Basic Services**" shall have the meaning given in Section 4.1.

1.3 "**Budget**" means a forecast of Project Income and Project Expenses, including a budget for capital expenditures to be made relative to the Project pursuant to this Agreement for the Fiscal Year to which such Budget relates.

1.4 "**Due Date**" shall have the meaning given in Section 4.1 (f).

1.5 "**Emergency Services**" shall have the meaning given in Section 4.3.

1.6 "**Existing Uses**" shall mean all present uses of the Project, including use as a 66 bed skilled and ICF nursing facility, and all ancillary services in connection therewith.

1.7 "**Extraordinary Services**" shall have the meaning given in Section 4.2.

1.8 **"Fiscal Year"** means a year, commencing July 1, and ending June 30, except that the first Fiscal Year shall be that period commencing on the commencement date and ending on the next succeeding July 31.

1.9 **"Improvements"** means the facility described herein and all other structural improvements situated on the Land.

1.10 **"Interest Rate"** means the rate of interest equal to the lesser of (i) the maximum rate of interest not prohibited by applicable law; or (ii) that per annum rate of interest equal to two and one-half percent (2.5%) per annum more than the then current prime rate as published by The Wall Street Journal in its most recent edition.

1.11 **"Land"** means the tract of land upon which the Project is located.

1.12 **"Management Fees"** mean the fees payable by Operator to Manager in consideration of Manager's services hereunder

1.13 **"Manager"** shall have the meaning given in the recitals.

1.14 **"Manager Affiliate"** means (i) any person, firm, corporation, limited liability company, or other entity which controls, is controlled by, or is under common control with Manager, directly or indirectly; or (ii) any partnership, venture, trust, limited liability company or other entity in which Manager is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Manager by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.15 **"Operator"** shall have the meaning given in the recitals.

1.16 **"Operator Affiliate"** means (i) any person, firm, corporation, limited liability company or other entity which controls, is controlled by, or is under common control with Operator, directly or indirectly; or (ii) any partnership, venture, trust, limited liability company or other entity in which Operator is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Operator by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.17 **"Payments to Manager"** means the management fee described in Section 7.1 and as described on Exhibit A attached hereto, together with any other sums due to Manager hereunder.

1.18 **"Project"** shall have the meaning given in the recitals and shall include the Land and the Improvements.

1.19 **"Project Expenses"** means all expenses, costs, and charges of every kind and nature incurred pursuant to an Approved Budget or any other provision of this Agreement permitting the incurrence of such expense, cost, or charge as a Project Expense, or pursuant to instructions or

directives given by Operator to Manager pursuant to the provisions of this Agreement, in connection with the Project, for or in respect of a Fiscal Year (including, without limitation, Project Operating Expenses and those expenses, costs, and charges incurred in the performance of Extraordinary Services and any Emergency Services).

1.20 “**Project Income**” means, with respect to a specific period of time, the revenues received from all sources in connection with the Project during such period of time; provided that Project Income shall not include or mean (i) interest or investment income of Operator, (ii) capital contributions of Operator, (iii) insurance proceeds (provided however, business interruption insurance proceeds shall be included in “Project Income”), (iv) tax refunds, (v) condemnation proceeds or awards, and (vi) amounts collected from any Residents as trust funds or security deposits, if any, except to the extent those security deposits are actually applied against the payments owed to the Project.

1.21 “**Project Operating Expenses**” means all expenses, costs, and charges (including capital outlays) incurred in connection with the operation and maintenance of the Project.

1.22 “**Residents**” means the residents or patients of the Project.

1.23 “**Salaries and Benefits**” means salary, wages, bonuses, and other direct compensation, group life, accident, disability, medical and health insurance, pension plans, social security payments, payroll and other employee taxes, worker’s compensation payments, employer’s contribution to F.I.C.A., unemployment compensation, and similar so-called fringe benefits.

1.24 “**Service Contracts**” shall have the meaning given in Section 4.1 (c).

1.25 “**Subcontracts**” and “**Subcontractors**” shall have the meaning given in Section 2.5.

1.26 “**Subcontractor Default**” shall have the meaning given in Section 2.5.

1.27 When used in this Agreement, the words and terms for which definitions are specified in the introductory paragraph of this Agreement and in the further Articles of this Agreement shall have the definitions respectively therein ascribed to them.

ARTICLE II RELATIONSHIP OF PARTIES

2.1 Management and Consulting by Manager. Manager agrees with Operator to provide the management, consulting and advisory services described herein in connection with the Operator’s operation of the Project, upon the terms and conditions set forth in this Agreement and consistent with state and federal law.

2.2 Relationship. Subject to the terms hereof, all actions by Manager in performing its duties and providing services pursuant to this Agreement shall be on behalf of Operator as Operator’s independent contractor. Operator agrees to indemnify, defend and hold Manager harmless from and against any loss, cost, expense, liability, or claim of any kind or nature

whatsoever arising from or in connection with Manager's performance of its duties under this Agreement, except in instances in which such loss, cost, expense, liability, or claims arise from or in connection with Manager's own gross negligence or willful misconduct, or from or in connection with a material breach by Manager of its obligations under this Agreement.

2.3 Control Retained by Operator; Operator is "Provider". Although Manager, as part of Manager's services pursuant to this Agreement, shall make recommendations to Operator concerning the operation of the Project, Operator has and shall at all times retain under this Agreement the ultimate authority and responsibility for the operational decisions at the Project in addition to retaining and exercising control over the assets of the Project, and Manager shall perform the functions described in this Agreement to be performed by it in accordance with policies and directives approved by Operator. Operator shall be the holder of all licenses, permits and contracts obtained with respect to the Project, and shall be the "provider" within the meaning of all third-party contracts for the Project. Specifically, and without limitation, Operator also shall hold the Medicare and Medicaid provider numbers and provider agreements. This Agreement shall not constitute an assignment (automatic or otherwise) by Operator to Manager of the licenses, permits, contracts, certifications or provider agreements with respect to the Project.

2.4 Other Activities. Manager and Manager Affiliates may engage in or possess an interest in other business ventures of every nature and description and in any vicinity whatsoever, including, without limitation, the ownership, operation, management, and development of nursing homes, retirement homes, assisted and/or independent living facilities, apartments or duplexes, or other real property, and pharmacy, physical and speech therapy, home health, hospice services, medical equipment, adult day care and any other senior service, and Operator shall have no rights in or to such independent ventures or to any profits therefrom. Any such activities may be undertaken with or without notice to or participation therein by Operator, and Operator hereby waives any rights or claims that it may have against Manager and Manager Affiliates with respect to the income or profit therefrom or the effect of such activity on the Project. Nothing contained herein shall obligate any agent, officer, director, shareholder, member or partner of Manager or Manager Affiliates to devote all or any particular portion of such party's time or efforts to the Project.

2.5 Manager's Liability. Operator acknowledges that Manager will enter into subcontracts ("**Subcontracts**") with others ("**Subcontractors**") to obtain certain services and goods to be provided under this Agreement, and that Manager's remedies against a Subcontractor in the event it fails to perform such services, is negligent, engages in misconduct or otherwise defaults under the Subcontract (in any such case "**Subcontractor Default**") will be governed by the Subcontract and by applicable law. Operator agrees, for the purposes of this Agreement, that if Manager, as soon as reasonably practicable after the occurrence of a Subcontractor Default, commences and thereafter pursues with reasonable due diligence remedies against such Subcontractor and, pending efforts by Manager to enforce such remedies against such Subcontractor, either performs itself the services covered by the Subcontract or engages another Subcontractor for such purpose, then Manager shall not be in default under the terms of this Agreement by reason of such Subcontractor Default.

Notwithstanding any other provision of this Agreement, and unless such act or omission constitutes gross negligence, willful misconduct, or a material default by Manager, its officers, employees, or agents (and for the purposes of this Section, the term "employees or agents" of Manager shall not include Subcontractors), under the terms of this Agreement, neither Manager nor its officers, directors, shareholders, members, managers, employees, agents, subsidiaries or affiliates shall ever be liable for any act or omission, negligent, tortious or otherwise, of a Subcontractor or any agent or employee of a Subcontractor, or its subsidiaries or affiliates, for any amount of damage, or any other monetary obligation whatsoever, which is in excess of the amount of cash proceeds actually recovered under the policies of liability insurance maintained pursuant to the terms of this Agreement, and under no circumstances whatsoever shall Manager, under any theory of action or recovery, ever be liable for or obliged to pay or to satisfy any judgment for, any damages or other monetary obligation whatsoever, that is in excess of the amount of such cash proceeds. Notwithstanding any of the provisions of this Agreement, in no event shall Operator make any claim against Manager, or its officers, directors, shareholders, members, managers, employees, agents, subsidiaries or affiliates, on account of any alleged errors in judgment made in good faith in connection with the Project by Manager or such persons, or the performance of any advisory or technical services provided by or arranged by Manager.

In the event of an act of gross negligence, willful misconduct, or a material default by Manager, its officers, employees, or agents under the terms of this Agreement, then Operator shall have all recourse and remedies as may be available under the terms of this Agreement and at law or in equity.

2.6 Proprietary Interest. The computer and technical systems, methods, procedures and controls employed by Manager are to remain the property of Manager and are not, at any time, to be utilized, distributed, copied or otherwise employed or acquired by the Operator except as authorized in writing by Manager, or except as may be required by law.

ARTICLE III BUDGET

3.1 Approval of Budget. As soon as reasonable and practicable for Manager near the end or shortly after the commencement of each Fiscal Year, Manager shall assist Administrator to prepare and deliver to Operator, in a form reasonably satisfactory to Operator, a proposed Budget for the next Fiscal Year. When approved pursuant to this ARTICLE III, such Budget shall be an "***Approved Budget.***"

3.2 Operator shall give its approval or its disapproval of Manager's proposed Budget for each Fiscal Year not later than thirty (30) days after its receipt thereof.

If Operator does not approve or disapprove the proposed Budget within such thirty (30) day period, then Operator shall be deemed to have approved the Budget. If Operator objects to all or any portion of the proposed Budget, Operator shall furnish Manager with the reasons for its objections, and Operator and Manager shall attempt to agree in respect to the items to which Operator objects, and if such agreement is not reached within fourteen (14) days of the expiration of such thirty (30)

day period, and without reference to whether more than one Fiscal Year shall lapse, then the Project shall be operated under a Budget (which for purposes of this Agreement shall be considered to be an Approved Budget) that is the same as the last Approved Budget, and Manager shall be authorized to incur expenses necessary for the management and operation of the Project, including but not limited to:

(a) all costs of staffing the Project and providing Resident care in accordance with all state and federal laws and regulations, utilities, cleaning services, costs of routine building and mechanical maintenance and repair (including elevator maintenance), ad valorem taxes and insurance coverages, costs of security services, and costs under Service Contracts, landscaping costs, and personnel costs; together with

(b) the sum of (x) the annualized level of all other expenses during the last three (3) months most recent Fiscal Year for which there was an Approved Budget (the "**Base Level**"), plus (y) ten percent (10%) of such Base Level.

3.3 Approved Budget. An Approved Budget shall constitute an authorization for Manager to spend money for the operation and management of the Project pursuant to such Approved Budget, and Manager may spend such sums without further approval. Operator acknowledges that, notwithstanding Manager's experience in relation to the management of similar developments, the projections contained in the Budget submitted at the commencement of each Fiscal Year are subject to and may be affected by changes in financial, regulatory, economic, and other conditions and circumstances beyond Manager's control, and the Budget shall be adjusted to take into account such changes.

3.4 Expenditures for Capital Items. The Approved Budget shall constitute an authorization for Manager to make the capital expenditures contemplated thereby. If during any Fiscal Year Manager believes the purchase or installation of new or replacement equipment or other capital items not contemplated by the Approved Budget is or before the end of such Fiscal Year will be necessary or desirable, Manager shall advise Operator thereof, but shall cause such items to be purchased and installed only after obtaining the prior authorization of Operator.

3.5 Rates. From time to time, Manager will recommend to Operator, for approval, rate structures which take into account the financial obligations of the Project and the level of rates at other comparable facilities in the market area.

ARTICLE IV SERVICES

4.1 Basic Services. As basic services hereunder (the "**Basic Services**"), Manager shall:

(a) Resident Relations. Consult with Operator in the operations of the Project in compliance with the terms and conditions of this Agreement and administer a Resident relations program which maintains visibility of management presence.

(b) Personnel. Advise Operator with respect to employment decisions affecting on-site Project employees. Except as provided herein, all on-site Project employees shall at all times be Operator's employees and not employees of Manager. Manager agrees to locate and appoint an administrator licensed for the Existing Uses in the state in which the Project is located (if such licensure is required) for the day-to-day administration of the Project. Operator shall have the right to approve the Project Administrator in its sole discretion. The administrator shall be an employee of and compensated by Manager as a management expense. The Administrator shall be an employee of the Project and compensated by Manager as a management expense.

In the event Manager shall place one of its employees as department head, administrator or director of nursing (for example, on an interim basis while a replacement director of nursing is hired), Manager shall be reimbursed monthly by Operator for all applicable Salaries and Benefits of such Manager employee. The Salaries and Benefits of all on-site Project employees and the number of such employees shall be part of the Budget (and thus subject to approval by Operator), but each Approved Budget shall include and provide for sufficient funds to enable Manager to pay competitive Salaries and Benefits so as to attract and retain a sufficient number of capable employees to enable the Project to operate to the standard herein provided.

(c) Service Contracts. All existing contracts for services will remain in effect. Manager agrees to enter into or renew, in the name and on behalf of Operator (Manager being solely the management company for the Project), or recommend for Operator's approval and signature, contracts (collectively, and including Subcontracts as defined in Section 2.6 hereof, referred to as "**Service Contracts**") for electricity, gas, water, telephone, cable television, cleaning, fuel oil, elevator maintenance, vermin extermination, trash removal, linen service, pharmaceuticals and medical supplies, pharmacy consulting, medical director, physical and speech therapy, hospice services, medical equipment, and other services in the ordinary course of the operation of the Project; purchase all supplies and equipment necessary to maintain and so operate the Project; and credit to Operator any discounts, rebates, or commissions obtained for purchases or otherwise.

Manager may recommend, with approval of operator, the use of consultants or companies, even though same may be Affiliates of Manager and/or employed by Manager or an Affiliate of Manager, and if employed or retained, such consultants or companies shall be compensated at market rates and on terms comparable to the normal and customary rates in the industry, and these payments shall be a Project Expense pursuant to this Agreement.

(d) Maintenance and Repair. Maintain or cause to be maintained the Improvements and grounds of the Project including, without limitation, interior and exterior cleaning, painting and decorating, plumbing, carpentry, and other normal maintenance and repair work.

(e) Collection. Use reasonable efforts to request, demand, collect, receive, and receipt for all charges due from Residents and otherwise due Operator with respect to the Project. No uncollectible accounts (other than contractual allowance in the case of Medicare and Medicaid patients) shall be charged off to a bad debt expense account until reasonable efforts have been exhausted for collections or Manager has received Operator's approval.

(f) Project Expenses; Mortgage Loans. To the extent funds are made available by Operator, pay all Project Expenses (other than any payments required on mortgage loans or leases, except as specifically provided below) on or before that date (the "***Due Date***") after which interest or penalty will begin to accrue thereon, provided, however, that Manager may contest, if and to the extent appropriate, the payment of any Project Expense (or portion thereof) which Manager has actual and reasonable grounds to believe should be contested. All expenses and costs of such contests, including without limitation, reasonable attorneys' fees, shall be included as Project Expenses. In any instance in which Manager has contested any Project Expense in accordance with the provisions of this Agreement, or has been requested by Operator to contest any Project Expense, then any interest or penalty which accrues and may thereafter become payable with respect to such Project Expense shall itself be a Project Expense.

If Operator shall so request, Manager shall pay the aggregate amounts required to be paid pursuant to any mortgages or financing related to the Project, secured or unsecured, or leases of the Project, including amounts due under any such financing or leases for interest, amortization of principal, and for allocation to reserves or escrow funds, from the Project funds. All notices from any lender or landlord claiming any default in any financing or lease on the Project, and any other notice from any lender or landlord other than routine notice of payment due, shall be forthwith delivered by Operator to Manager.

(g) Reports. As soon as reasonable and practicable each calendar month, render to Operator a statement of income and expenses showing the results of operation of the Project for the preceding month and of the Fiscal Year to date. As soon as reasonable and practicable after the end of each Fiscal Year, Manager shall deliver to Operator profit and loss statements showing Project Income, Project Expenses, Payments to Manager, the results of operations for that Fiscal Year, and (provided Manager has sufficient information) a balance sheet of the Project as of the end of that Fiscal Year, prepared on an accrual basis in accordance with generally accepted accounting principles consistently applied. All such monthly reports shall be in the format normally utilized by Manager. Operator may, regularly and/or from time to time, require that the annual financial statements of the Project be audited, reviewed or compiled by a reputable accounting firm, and the cost of same shall constitute a Project Expense. Manager shall have no obligation to prepare financial statements or accounting of any kind separate from such Project statements, except as agreed by Manager, for which Manager may charge an additional fee. Manager shall, upon reasonable notice from Operator, prepare and submit to Operator such other reports or certificates as Operator may reasonably request concerning such matters relating to the Project as are within the scope of Manager's services provided for in this Agreement. If any such additional reports or alternate report formats requested by Operator shall require Manager to engage consultants or other professionals to assist Manager in designing or preparing such report, or shall require Manager's employees (other than on-site employees engaged in performing Manager's services under this Agreement) to expend additional time designing or preparing such report, then Operator shall promptly reimburse Manager for the cost to Manager of engaging such consultants or other professionals or of such time expended by Manager's employees.

(h) Records. Maintain, at the Project or at the address for Manager provided for in the first paragraph of this Agreement, or such other place or places as Operator may approve, a

system of office records, books, and accounts, and any additional information or records reasonably required by Operator for the preparation of federal, state, and local tax returns, all in a manner reasonably satisfactory to Operator. Operator and others designated by Operator, including Operator's auditors and accountants, shall have, upon reasonable notice to Manager, during normal business hours, access to and the right to audit and make copies of such records, accounts, and books, and all vouchers, files and all other material pertaining to the Project and this Agreement.

(i) Legal Proceedings. Manager shall institute and prosecute in the name and at the expense of Operator such actions and proceedings necessary to effect the purposes, perform the services, and take the actions contemplated by this Agreement, including without limitation, to evict Residents in default; to recover possession of rooms occupied by such Residents; to sue for and recover charges and other damages due from Residents and other persons obligated to Operator or Manager in connection with the Project; to settle, compromise, and release any such actions or suits or reinstate such Residents; and sign and serve in the name of Operator notices and other communications relating to any of the foregoing matters. Manager shall keep Operator advised of all actions filed against Operator and known to Manager and all actions filed by Operator that are beyond the scope of ordinary business operations. Operator shall be responsible for all costs and expenses, including without limitation attorney's fees, incurred in defending Manager for actions brought against Manager based upon Manager's performance of its duties in connection with operation of the Project.

(j) Process Insurance Claims. If requested by Operator, Manager shall process all claims under any insurance coverages pertaining to the Project in a reasonably expeditious manner, so as to minimize delay in receipt by the Project of the proceeds of such insurance.

(k) Maintenance of Licenses. Assist Operator in obtaining and maintaining all licenses and certifications required for operation of the Project, such as contracts with fiscal intermediaries and agencies and eligibility for participation in any applicable third party payor or other medical reimbursement programs. All licenses and permits shall be obtained in the name and at the expense of the Operator. Further, Operator shall remain directly responsible to all federal, state and local enforcing agencies for compliance with such provisions and maintain state and federal licensing and certification requirements from and after the effective date hereof. Manager shall furnish copies of all surveys and notices of noncompliance to Operator promptly upon receipt by Manager.

(l) Rate Schedules. Assist in developing price and rate schedules satisfactory to Operator; obtain approval of appropriate price schedules by government agencies and appropriate rate/reimbursement schedules from third-party paying agencies, if applicable; provide all statistical, financial, and other data necessary to obtain payment from the appropriate agencies, if applicable; and assist in effecting final settlement of claims for payment.

(m) Accounting and Report Supervision. Oversee the maintenance of all Resident records required for the orderly billing for nursing and miscellaneous goods and/or services and Manager shall oversee control of Resident ledgers to ensure proper identification of all accounts.

Manager shall oversee the monthly billing for all goods and/or services, which billings shall be rendered in a timely manner.

(n) Cost Reports and Tax Returns. Any reports that may be required to be made under the Medicare or Medicaid Program (or any successor program) of the federal Department of Health and Human Services or by the state in which the Project is located, such as cost reports, federal, state and local tax returns, and any other required governmental reports or filings necessary for the operation of the Project, shall be prepared by Operator or by outside consultants as may be approved by Operator and the cost of such items shall be a Project Expense.

4.2 Extraordinary Services. Whenever Manager determines that a service or services not included in the Basic Services required to be rendered pursuant to the Agreement (and not constituting an emergency) is necessary or desirable for the efficient, economic, and profitable operation of the Project (collectively, the "**Extraordinary Services**"), Manager shall advise Operator of the need and cost therefore and make recommendations related thereto. Manager shall then perform the Extraordinary Services in accordance with the directions of Operator as to the performance thereof and the amount to be expended therefore. The Extraordinary Services shall include, without limitation, the following:

(a) Major Repairs. Performance and supervision of all major repairs, replacements, and alterations to the Project not covered by the Budget.

(b) Compliance with Legal Requirements. Assisting in material compliance with any and all orders or requirements affecting the Project by any federal, state, county, municipal, or other governmental authority having jurisdiction thereover, and order of the Board of Fire Underwriters or any similar bodies. Manager, however, shall not take any such action as long as Operator has notified Manager that it is contesting or has notified Manager of its intention to contest (or has otherwise directed Manager to take no action), and promptly institutes proceedings contesting any such order or requirement, provided that if failure to comply promptly with any such order or requirement would or might expose Manager to civil or criminal liability, Manager shall have the right, but not the obligation, to cause the same to be complied with.

(c) Tax Abatement and Eminent Domain. Rendering of advice and assistance to Operator in the negotiation or prosecution of all claims for the abatement of property and other taxes affecting the Project and for awards for taking by eminent domain affecting the Project.

(d) General. Performance of any other reasonable services, acts, items, or matters relating to or affecting the Project which are or may be desirable or necessary for the efficient, economic, and profitable operation thereof and which are not included within the services required by this Agreement.

4.3 Emergency Services. "**Emergency Services**" are defined as any and all emergency repairs or services immediately necessary for the preservation and/or safety of the Project, to avoid the suspension of any important service to the Project or the licensure and/or certification of the Project, to avoid danger to life or property, or to preserve the use of the Project for the Existing Uses. Emergency Services may be performed by Manager in its reasonable discretion, without

Operator's prior approval of the performance or amount to be expended therefore; provided, however, Manager shall, if reasonably possible, give Operator verbal notice of the performance of such service as soon as practicable.

4.4 Expense of Operator. All services performed by Manager under this Agreement of any kind (including without limitation Basic Services, Extraordinary Services and Emergency Services) shall be at the sole expense of Operator. Notwithstanding any other provision of this Agreement, Manager shall not be obligated to make any advance to or for the account of Operator or the Project or to pay any sums, except out of funds held in any account maintained under ARTICLE IV, nor shall Manager be obligated to incur any liability or obligation for the account of Operator or the Project without assurance in Manager's sole discretion that the necessary funds for the discharge thereof are or shall be available, nor shall Manager be responsible for the failure of the Project to be managed, operated, or maintained to the standard required by this Agreement as a result of Operator's failure to provide funds timely for the Project.

4.5 Operator's Inspection. Operator shall have the right of ingress and egress and may inspect the Project and review management decisions. Operator shall be entitled to maintain oversight, contact and communications with the administrator of the Project during the term of this Agreement.

4.6 Confidentiality. Manager and Operator agree to maintain in confidence all information and materials provided by, or obtained from, each other including, without limitation, all financial information, source codes, medical protocols, operational practices, manuals and other related information, except such use thereof as may be reasonably expected in the reasonable business of Operator. Further, all books, records, forms, notes, data, memoranda, models, supplies, materials, business accounts, lists and equipment, in any form or of any nature whatsoever delivered or furnished to Manager by the Operator during the course of its engagement shall remain the property of the Operator. Upon the termination of this Agreement or upon the request of the Operator, Manager shall promptly return said material and items to Operator.

4.7 Resident Privacy. Manager shall from time to time have access to Resident data, which it shall hold in strict confidence, and shall use only for the purposes of this Agreement. Manager shall instruct its personnel concerning the requirements of this section. Patient data shall mean any data or information concerning Residents of the Project, including without limitation, any of the treatments, procedures, medicines, drugs, diagnoses, therapies, surgeries, outcomes, histories, genetics, disclosures or behaviors of any such Residents. The privacy and other rights of all Residents of the Project shall be respected.

ARTICLE V INSURANCE

5.1 Operator's Insurance. If requested by Operator, Manager will use commercially reasonable efforts to obtain in Operator's name and at Operator's expense and keep in force (or absent such request, Operator shall obtain and keep in force) during the term of this Agreement:

(a) comprehensive general liability insurance, protecting Operator against claims for injury to or death of persons or damage to or destruction of property occurring upon, in, or about the Project; such insurance to afford limits as requested by Operator from time to time;

(b) worker's compensation insurance with statutory and employee's liability insurance; and

(c) such other coverages as reasonably requested by Operator from time to time. Such insurance shall be written by companies approved by Operator which are legally qualified to issue such insurance in the state in which the Project is located and shall name Operator as insured and Manager as an additional named insured. Such insurance may be procured by Manager with other facilities managed by Manager and/or Manager Affiliates under so-called "blanket" insurance policies.

5.2 Policies. The parties shall attempt to ensure that each policy referred to in Section 5.1 above shall:

(a) provide that it will not be cancelled, amended, or reduced except after not less than three (3) days' written notice to Operator and Manager;

(b) include a waiver of all rights of subrogation against Manager, its officers, directors and shareholders, members, constituent partners, employees, and agents.

5.3 Waiver. Notwithstanding anything herein to the contrary, in any Fiscal Year, Operator may waive or reduce any insurance requirement set forth herein for Operator's benefit in its reasonable discretion depending on such factors as the availability of such insurance and the cost thereof.

5.4 Operator Insurance. Unless Operator requests that Manager obtain insurance as expressly provided in Section 5.1, Operator shall be responsible to procure and maintain all such insurance in the manner described in this Article, and all such insurance shall name Manager as an additional insured.

5.5 Cooperation. Manager and Operator each shall furnish whatever information is reasonably requested by the other for the purpose of establishing insurance coverages.

ARTICLE VI BANK ACCOUNTS

6.1 Operating Account. Manager is authorized for and on behalf of Operator to establish bank accounts for the Project at a banking institution of Operator's choosing, including an operating account to deposit all Project Income therein and to pay all Project Expenses therefrom. Manager may designate the authorized signatories on such account, with the prior approval of the Operator.

6.2 Operator's Obligation to Provide Funds. If at any time cash in the operating account shall not be sufficient to pay expenses and all Payments to Manager, Manager shall not be obligated to pay expenses from its own account or to incur any liability whatsoever on behalf of Operator or the Project. Manager shall notify Operator as soon as practicable upon its projection or awareness of a cash shortage or impending cash shortage. Operator shall determine payment priority, except that all Payments to Manager shall be timely made. After Manager has paid, to the extent of cash available in the operating account, all expenses based upon the ordered priorities set by Operator, Manager shall submit to Operator a statement of all remaining unpaid expenses. Within five (5) business days after receiving such statement, Operator shall provide sufficient monies to pay any unpaid expenses and any Payments to Manager. Such funds shall be provided to Manager within 24 hours of Operator's receipt of such statement and by wire transfer of funds if more than \$5,000 remains due.

6.3 Right to Collect Payments to Manager. To the extent funds are available in the operating account, Manager shall be entitled to and is hereby authorized to disburse to itself all accrued Payments to Manager. To the extent funds are not available in the operating account to pay same, Operator agrees to pay Manager, within five (5) business days after demand therefor, such sums as are necessary to discharge its liability to Manager therefor. Any accrued Payments to Manager remaining unpaid after such five (5) day period shall bear interest at the Interest Rate from the date due until paid. If Manager collects payments due hereunder by an attorney at law, Operator hereby agrees to pay all costs and expenses of collection, including without limitation a reasonable attorney's fee.

ARTICLE VII MANAGEMENT FEE AND ADDITIONAL PAYMENTS

7.1 Amount. During the term of this Agreement, Operator shall pay Manager the Management Fees.

7.2 Monthly Payments. Each monthly installment of the Management Fee shall be due in advance on the first day of each calendar month and be paid no later than the fifteenth (15) day of each calendar month.

7.3 Annual Adjustment. Within fifteen (15) days after the delivery of the annual financial statements of the Project, Operator shall pay to Manager or Manager shall pay to Operator such amount as is necessary to make the amount of Management Fees actually paid with respect to such year equal to the amount of Management Fees shown to be due by the annual financial statements.

ARTICLE VIII

TERM

8.1 Term. This Agreement shall commence as of the date hereof and shall thereafter continue for six (6) months. Thereafter, this Agreement will renew for an additional six month term until one party gives the other written notice of its intent not to renew at least thirty (30) days prior to the end of the existing term.

8.2 Termination Without Cause. Either Operator or Manager may, upon not less than sixty (60) days prior written notice, terminate this Agreement without cause, provided that no such termination shall relieve either party from its obligations arising or accruing prior to such termination, including without limitation, Operator's duty to pay all accrued Payments to Manager.

8.3 Termination Upon Default. The following shall constitute events of default by Manager and/or Operator, as applicable:

(a) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy, insolvency or similar law by either Operator or Manager;

(b) The consent to an involuntary petition in bankruptcy or the failure by either Operator or Manager to vacate within one hundred and twenty (120) days from the date of entry thereof any order approving an involuntary petition;

(c) The entering of an order, judgment, or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either Operator or Manager a bankrupt or insolvent or approving a petition seeking reorganization or appointment of a receiver, trustee, or liquidator of all or a substantial part of such party's assets, which order, judgment, or decree shall continue unstayed and in effect for a period of one hundred twenty (120) consecutive days;

(d) The failure or refusal of Operator to provide funds necessary to pay Project Expenses, as and when provided for in this Agreement, and the Payments to Manager, as and when provided for in this Agreement, provided Manager shall have first delivered the notices relating to Operator's obligation to provide such funds for payment of Project Expenses or Payments to Manager as required by this Agreement, and provided further that, as to Project Expenses, Operator's failure to pay such expenses is of such materiality as to make it reasonably impractical for Manager to fulfill its obligations hereunder (which impracticality shall be presumed if the Project Expenses for which Operator has failed to advance funds exceed, in the aggregate, \$5,000.00), and the continuance of any such failure for a period of five (5) days after notice to Operator of the amounts required and the purposes thereof;

(e) The failure or refusal of Manager to deposit, for collection, in the Operating Account all Project Income within ten (10) days of receipt thereof by Manager;

(f) If the license for the operation of the Project or its certification as a provider under Medicare or Medicaid, if applicable, is suspended and such suspension lasts more than thirty (30) days or is finally revoked or terminated; or

(g) The failure of either Operator or Manager to perform, keep, or fulfill any of the covenants, undertakings, obligations, or conditions set forth in this Agreement and the continuance of any such failure for a period of thirty (30) days after written notice of said failure, provided, however, that if such failure constitutes a default under subsections (a), (b) or (c) above, neither Operator nor Manager shall be entitled to notice.

Notwithstanding any other provisions of this Agreement, but without otherwise affecting Manager's rights or remedies hereunder, Operator agrees that, in the event Operator breaches this Agreement by wrongfully terminating or wrongfully purporting to terminate, in whole or in part, Manager's position as Manager hereunder, Manager shall be entitled to the remedy of specific performance in addition to an action for damages or other remedies.

8.4 Effect of Termination. Upon termination of this Agreement, Manager shall forthwith:

(a) Surrender and deliver up to Operator any and all Project Income and security deposits on hand or in the operating accounts less the Payments to Manager due Manager through the termination date, as provided in this Agreement;

(b) Deliver to Operator as received any monies due Operator under this Agreement but received by Manager after such termination, less any Payments to Manager due Manager through the termination date, as provided in this Agreement;

(c) Deliver to Operator all materials, supplies, keys, contracts and documents, plans, specifications, promotional materials, and such other accountings, papers, and records pertaining to this Agreement;

(d) At Operator's request, assign to Operator (without recourse to or warranty by Manager) executed contracts relating to the operation and maintenance of the Project;

(e) Deliver to Operator a final accounting of the Project prepared in accordance with the provisions of Section 4.1(g) up to and including the date of termination;

(f) Cease the performance of all services required to be performed by Manager under this Agreement; and

(g) Cooperate reasonably with Operator to accomplish an orderly transfer of the operation and management of the Project to the party designated by Operator; including without limitation, executing any documents necessary to assure proper licensure (and certification, if applicable) of the Project.

Upon termination of this Agreement for any reason, any right of Manager to receive Payments to Manager which accrue under the terms of this Agreement, prior to such termination, but are payable after the date of such termination, shall survive such termination and continue in force and effect, and Operator shall be obligated to make such Payments to Manager in the amounts and at the times provided for in this Agreement.

ARTICLE IX CASUALTY; CONDEMNATION

9.1 Total or Substantial Destruction. If the Project or any material portion thereof shall be damaged or destroyed at any time or times during the term of this Agreement by fire, casualty, or any other cause which renders the Project totally or substantially inoperative for the Existing Uses,

and Operator does not notify Manager within three (3) months following the occurrence of such damage or destruction that Operator intends to rebuild or replace the same to substantially its former condition prior to such damage or destruction, this Agreement shall terminate as of the date of the damage or destruction. If Operator notifies Manager within three (3) months following the occurrence of such damage or destruction that Operator intends to rebuild or replace the Project and does rebuild or replace the Project within a reasonable time, this Agreement shall continue in full force and effect except that the term hereof shall be extended for the period of time equal to that period during which the Project is inoperative.

For purposes of this Agreement, total destruction or damage which renders the Project "totally or substantially inoperative for the Existing Uses" shall mean damage or destruction which, according to an engineer selected by Operator and Manager (each party agreeing to cooperate reasonably in such selection), could not reasonably be expected to be repaired or restored within twelve (12) months after the occurrence of such damage or destruction, so that at such time the Project will be restored substantially to the condition in which it existed prior to such damage or destruction, with services and amenities substantially equivalent to those which existed prior to such damage or destruction.

9.2 Partial Damage or Destruction. If the Project is damaged or partially destroyed in such a manner as to not render the Project totally or substantially inoperative for the Existing Uses (as defined in Section 9.1 above), this Agreement shall remain in force and effect as to that portion of the Project not so damaged or destroyed, with an appropriate abatement in the services to be performed by Manager as to such damaged or destroyed portion, except that if Operator does not notify Manager within three (3) months following the occurrence of such damage or destruction that Operator intends to repair or replace the portion of the Project which was damaged or destroyed, Manager shall have the option, upon thirty (30) days' notice to Operator, to terminate this Agreement, such termination to be effective upon the expiration of said thirty (30) day period.

9.3 Condemnation. If the whole or substantially all of the Project shall be condemned or taken in any manner for any public or quasi-public use under any statute or by right of eminent domain, then this Agreement shall terminate as of the date of vesting of title thereto in the condemning authority, with each party's rights accruing through such date. If a part of the Project is so taken or condemned, and if such taking shall substantially affect the Project or if such taking shall be of a substantial part of the Project, Manager shall have the right, by delivery of notice to Operator within sixty (60) days after such taking, to terminate this Agreement as of the date of the vesting of title thereto in the condemning authority, with each party's rights accruing through such date. If Manager shall not so elect, this Agreement shall be and remain unaffected by such taking, except that, effective as of the date of such taking, appropriate abatement shall be made in the services to be performed by Manager as to such taken area of the Project.

For purposes of this Agreement, the condemnation or taking of the "whole or substantially all of the Project" shall mean the condemnation or taking (or conveyance in lieu thereof) of a material portion of the Project, such that the Project ceases to be a first-class facility for all of the Existing Uses, or ceases to have adequate available parking or access, or ceases to have services and

amenities substantially similar to those which existed immediately prior to such condemnation or taking (or conveyance in lieu thereof).

ARTICLE X MISCELLANEOUS

10.1 Delegation; Assignment.

(a) Manager shall have the right to delegate its responsibilities under this Agreement to employees or agents of Manager or to engage Subcontractors for performance of all or any part of the services to be provided hereunder; provided, however, that Manager shall at all times supervise the performance of Manager's duties and obligations hereunder. Additionally, Manager shall have the right, without obtaining Operator's consent, to assign this Agreement to a Manager Affiliate. Otherwise Manager shall not, without Operator's prior approval (which shall not be unreasonably withheld), assign any of its rights, other than its right to receive the Payments to Manager (which Manager may freely transfer or encumber) or its obligations under this Agreement, whether by operation of law or otherwise, and any such attempted assignment shall be void.

(b) If any person or entity other than Operator succeeds or attempts to succeed to title of the Project, Manager shall have the option to terminate this Agreement upon ten (10) days' notice to the then current licensee of the Project.

10.2 Notices. Any and all notices, requests, demands, consents, approvals or other communications required or permitted under this Agreement by either party hereto shall be in writing and shall be made by hand delivery, by sending via Federal Express or another nationally-recognized overnight delivery service, or by sending via certified U. S. Mail with unrestricted delivery, return receipt requested, postage prepaid, and hand delivered or so sent to the party being notified at the address(es) below.

To Operator:

Humphreys County Nursing Home Board of Directors
670 Hwy 13 South
Waverly, Tennessee 37148
Attention: Chairman of the Board
Facsimile: 931-296-0828

To Manager:

Key Management Associates, LLC
Judy Eads
711 Shenandoah Drive
Brentwood TN 37027
Facsimile: 615-246-2773

Notice shall be considered delivered at the earliest of the following to occur: when actually received, three (3) Business Days (as hereinafter defined) after being so sent by U. S. Mail, or one (1) Business

Day after being so sent by Federal Express or another nationally-recognized overnight courier service, independent of the date of actual delivery or whether delivery is ever in fact made, as the case may be, provided the giver of notice can establish the fact that notice was sent or tendered as provided herein. If notice is tendered pursuant to the provisions of this Section and is refused by the intended recipient thereof the notice, nevertheless, shall be considered to have been given and shall be effective as of the date herein provided. If a facsimile number for the intended recipient is set forth above, then in connection with the giving of any notice, the party giving such notice shall also send via facsimile (at the facsimile numbers noted above) a copy of such notice on the date on which such notice is deposited pursuant to this Section. If notice is tendered pursuant to the provisions of this Section and is refused by the intended recipient thereof, the notice, nevertheless, shall be considered to have been given and shall be effective as of the date herein provided.

Operator and Manager may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Agreement.

10.3 Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto with respect to the management of the Project and shall supersede all other prior agreements, written or oral, between the parties relating to the management of the Project. No modification hereof shall be effective unless made by supplemental agreement in writing executed by the parties hereto.

10.4 Nature of Agreement. Neither the relationship between Operator and Manager nor anything contained in this Agreement shall be deemed to constitute a partnership, joint venture, or any other similar relationship, and, except as otherwise specifically stated herein, Manager shall at all times be deemed an independent contractor for purposes of this Agreement.

10.5 Referral of Patients. The parties agree that the payments made to Manager by Operator hereunder are not in any way contingent upon the admission or referral of Residents by Manager. Further, nothing herein shall require or contemplate any referrals of Residents by Operator, Operator Affiliates, or their members, owners or shareholders.

10.6 Force Majeure. Notwithstanding anything herein to the contrary, Manager shall not be deemed in breach or default of this Agreement if it is prevented or hindered from performing its obligations hereunder due to war, civil unrest, strike, labor troubles, promulgation of law or regulation, governmental delays, unusually inclement weather, inability to procure services or materials despite reasonable efforts, acts of God, or any other cause(s) beyond the reasonable control of the Manager.

10.7 Access to Books and Records. As and to the extent required by law, upon the written request of the United States Secretary of Health and Human Services, the Comptroller General or any of their duly authorized representatives, Manager shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. If Manager carries out any of the duties of this Agreement through a subcontract

with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, Manager agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. Section 1395x(v)(1) and the regulations promulgated thereunder. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by either party by virtue of this Agreement.

10.8 Governing Law. This Agreement is made pursuant to, and shall be governed by and construed in accordance with, the laws applicable to contracts made and to be performed in the state of Tennessee.

10.9 No Waiver; Cumulative Remedies. The failure of Operator or Manager to seek redress for violation or to insist upon the strict performance of any covenant, agreement, provision, or condition of this Agreement shall not constitute a waiver of the terms of such covenant, agreement, provision, or condition, and Operator and Manager shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a violation.

10.10 Non-Assumption of Liabilities. Manager shall not by entering into and performing this Agreement become liable for any obligations, liabilities or debts of Operator or the Project or any of their affiliates or others, and Manager shall not by performing services to the Operator assume or become liable for any of the obligations, debts and liabilities of the Operator or the Project, and will in the course and scope of performing services hereunder have only the obligation to observe and perform the terms and conditions of this Agreement.

10.11 Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel in such a manner as to indicate that the structure or any terms of this Agreement may be in violation of such laws or regulations, this Agreement shall automatically be deemed modified as necessary to comply with such laws or regulations. To the maximum extent possible, any such modification shall preserve the underlying economic and financial arrangements between Manager and Operator. Manager and Operator shall amend this Agreement to reflect such modification promptly.

10.12 Headings. The headings of the Sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

10.13 Construction. As used herein, (a) the term "**person**" means a natural person, a trustee, a corporation, a limited liability company, a partnership and any other form of legal entity, and (b) all references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (iii) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed to have been made to such Section, subsection, paragraph or subparagraph of this Agreement. As used in this

Agreement, "***Business Day***" means a day other than a Saturday, a Sunday or a day designated as a holiday by the United States Congress at 5 U.S.C.A. § 6103.

10.14 Special Stipulations. The Special Stipulations, if any, attached hereto as EXHIBIT B are made a part hereof. To the extent the Special Stipulations conflict with the terms hereof, the Special Stipulations shall control.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

MANAGER:

KEY MANAGEMENT ASSOCIATES, LLC

By:


Judy Eads, Owner

OPERATOR:

HUMPHREYS COUNTY NURSING HOME
BOARD OF DIRECTORS

By:


Dr. GEORGE MATHAI, CHAIRMAN
OF THE BOARD

ATTACHMENT A.6.1
COPY OF OPTION TO
PURCHASE



LOT/LAND PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer

Humphreys County Nursing Home ("Buyer") agrees to buy and the undersigned seller Larry B. Rawlings & Janet J. Rawlings ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows:

All that tract of land known as: 15.40 acres Fort Hill Rd.
(Address) Waverly (City), Tennessee, 37185 (Zip), as recorded in _____ County Register of Deeds Office, _____ deed book(s), 198 page(s), 1066 and/or instrument number and as further described as:

together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

- ☐ This box must be checked to be part of this Agreement. The full and legal description of said Property is as described in the attached "Legal Description Exhibit."

A. **LEASED ITEMS.** Leased items that remain with the Property (e.g. billboards, irrigation systems, fuel tank, etc.) N/A. Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in full by Seller at or before Closing.

- ☐ Buyer does not wish to assume a leased item. (THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.)

Buyer does not wish to assume Seller's current lease of N/A; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

B. **FUEL.** Fuel, if any, will be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

2. **Purchase Price, Method of Payment and Closing Expenses.** Buyer warrants that, except as may be otherwise provided herein, Buyer will at Closing have sufficient cash to complete the purchase of the Property under the terms of this Lot/Land Purchase and Sale Agreement (hereinafter "Purchase and Sale Agreement" or "Agreement"). The purchase price to be paid is: \$ 75,000.00

Seventy-Five Thousand U.S. Dollars, ("Purchase Price") which shall be disbursed at Buyer's expense and paid to Seller or Seller's Closing Agency in the form of one of the following:

- a Federal Reserve Bank wire transfer;
- a Cashier's Check issued by a financial institution as defined in 12 CFR § 229.2(i);
- a check issued by the State of Tennessee or a political subdivision thereof;
- a check issued by an instrumentality of the United States organized and existing under the Farm Credit Act of 1971; OR
- in other such form as is approved in writing by Seller.

This price is based (Select one. The sections not checked are not a part of this Agreement.):

- ☒ for entire Property as a tract, and not by the acre OR
- ☐ per acre with the Purchase Price to be determined by the actual amount of acreage of the Property, \$ _____ per acre based on a current or mutually acceptable survey OR
- ☐ for entire Property as a tract but with the Purchase Price to be adjusted upward or downward at \$ _____ per acre in the event the actual amount of acreage of the Property based on a current or mutually acceptable survey should vary more or less than _____ acre(s) from the _____ estimated acreage.

A. **Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).**

- ☒ 1. This Agreement IS NOT contingent upon the appraised value either equaling or exceeding the agreed upon Purchase Price.
- ☐ 2. This Agreement IS CONTINGENT upon the appraised value either equaling or exceeding the agreed upon Purchase Price. In the event that the financing contingency is waived, Buyer must order the appraisal

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OF REALTORS®

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RF 404 - Lot/Land Purchase and Sale Agreement, Page 1 of 9

Version 01/01/2015

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and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. If appraised value is equal to or exceeds the Purchase Price, this contingency is satisfied. If the appraised value of the Property does not equal or exceed the Purchase Price, the Buyer may terminate this Agreement by providing written notice to the Seller and providing written proof of the same (for example, this written proof could include, but is not limited to, a copy of appraisal or a signed letter from Lender) via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Earnest Money.

B. Closing Costs and Discount Points.

1. **Seller Expenses.** Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's Closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; and notary fee on deed. Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's Closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service and notary fees.

3. **Title Expenses.** Cost of title search or abstract, mortgagee's policy and owner's policy shall be paid as follows:
Buyer

Buyer to receive benefit of simultaneous issue.

Not all of the above items are applicable to every transaction and may be modified as follows:

Closing Agency for Buyer: Robert I. Thomason, Jr., Attorney

Closing Agency for Seller: Robert I. Thomason, Jr., Attorney

Title Company: Volunteer Title Company, Inc.

or other Closing Agency as mutually agreed by Seller and Buyer.

- C. **Financial Contingency – Loan(s) To Be Obtained:** This Agreement is conditioned upon Buyer's ability to obtain a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust on the Property. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan described herein based upon Lender's customary and standard underwriting criteria. In the event Buyer, having acted in good faith and in accordance with the terms below, is unable to obtain financing, Buyer may terminate this Agreement by providing written notice and a copy of Lender's loan denial letter via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Earnest Money. Lender is defined herein as the financial institution funding the loan.

The loan shall be of the type selected below (Select the appropriate boxes. Unselected items will not be part of this Agreement):

- ☐ Conventional Loan ☐ FHA Loan; attach addendum
☐ VA Loan; attach addendum ☐ Other _____

Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms and conditions of this Agreement are fulfilled and the new loan does not increase any costs charged to Seller. Buyer shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for which Buyer has applied and been approved.

Loan Obligations: The Buyer agrees and/or certifies as follows:

- (1) Within five (5) days after the Binding Agreement Date, Buyer shall make application for the loan and instruct Lender to order credit report and appraisal. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report and appraisal via the Notification form or equivalent written notice;
- (2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:
 - a. all required Lender deposits, including appraisal cost and credit report, have been paid as evidenced by supporting documentation (e.g., cancelled check, receipt from Lender, letter from loan originator, etc.); and
 - b. Buyer has available funds to Close per estimates of Lender / loan originator.
- (3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;
- (4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;
- (5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and
- (6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with 2.C.(1) and/or 2.C.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.

☒ **Financing Contingency Waived (e.g. "All Cash", etc.):**

Buyer's obligation to Close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: N/A (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

3. **Earnest Money.** Buyer has paid or will pay within 2 days after the Binding Agreement Date to Bill Collier Realty & Auction Co. (name of Holder) ("Holder") located at 198 Clydeton Rd., Waverly, TN. 37185 (address of Holder), an Earnest Money deposit of \$ 1000.00 by check (OR _____) ("Earnest Money").

A. Failure to Receive Earnest Money. In the event Earnest Money is not timely received by Holder or Earnest Money check or other instrument is not honored, for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer's failure to deposit the agreed upon Earnest Money. Buyer shall then have one (1) day to deliver Earnest Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer's representative written notice via the Notification form or equivalent written notice. In the event Buyer delivers the Earnest Money in immediately available funds to Holder before Seller elects to terminate, Seller shall be deemed to have waived his right to terminate, and the Agreement shall remain in full force and effect.

B. Handling of Earnest Money upon Receipt by Holder. Earnest Money is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Earnest Money paragraph or as specified in the Special Stipulations paragraph contained at paragraph 15 herein. Holder shall disburse Earnest Money only as follows:



- (a) at Closing to be applied as a credit toward Buyer's Purchase Price;
(b) upon a written agreement signed by all parties having an interest in the funds;
(c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money;
(d) upon a reasonable interpretation of the Agreement; or
(e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any matter arising out of or related to the performance of Holder's duties under this Earnest Money paragraph. Earnest Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. Closing, Prorations, Special Assessments and Association Fees.

A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of Purchase Price, the "Closing"), and this Agreement shall expire at 11:59 p.m. local time on the 19th day of December, 2015 ("Closing Date"), or on such earlier date as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. Possession. Possession of the Property is to be given (Select the appropriate boxes below. Unselected items will not be part of this Agreement):

☒ with delivery of warranty deed and payment of Purchase Price;

OR

☐ on _____ at _____ o'clock ☐ am/ ☐ pm, local time;

☐ Occupancy Agreement attached which addresses issues including but not limited to: occupancy term, compensation due, legal relationships of the parties, condition of the Property upon transfer, utilities, and property insurance.

B. Prorations. Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and roll back taxes, if any, will be paid by Seller.

C. Special Assessments. Special Assessments approved or levied prior to the Closing Date shall be paid by Seller at or prior to Closing unless otherwise agreed as follows:

D. Association Fees. Buyer shall be responsible for all homeowner or condominium association transfer fees, related administration fees (not including statement of accounts), capital expenditures/contributions incurred due to the transfer of the Property and/or like expenses which are required by the association, property management company and/or the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

5. Title and Conveyance.

A. Seller warrants that at the time of Closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s) good and marketable title to said Property by general warranty deed, subject only to:

(1) Zoning;

(2) Setback requirements and general utility, sewer, and drainage easements of record on the Binding Agreement Date upon which the improvements do not encroach;

(3) Subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the Binding Agreement Date; and

(4) Leases and other encumbrances specified in this Agreement.

If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other information discloses material defects, Buyer may, at Buyer's discretion:

(1) accept the Property with the defects **OR**

(2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written

notice of such defects via the Notification form or equivalent written notice. If defects are not remedied prior to the Closing Date, Buyer may elect to extend the Closing Date by mutual written agreement evidenced by the Closing Date/Possession Amendment form or other written equivalent. If defects are not remedied by the Closing Date or any mutually agreed upon extension thereof, this Agreement shall terminate, and Buyer shall be entitled to a refund of Earnest Money.

Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by the issuing title insurance company.

B. Deed. Deed to be made in the name of Humphreys County Nursing Home.
The manner in which Buyer takes title determines ownership and survivorship rights. It is Buyer's responsibility to consult the closing agency or attorney prior to Closing.

6. Inspections and other requirements made a part of this Agreement.

ALL INSPECTIONS ARE TO BE MADE AT BUYER'S EXPENSE. Buyer, its inspectors and/or representatives shall have the right and responsibility to enter the Property during normal business hours for the purpose of making inspections and/or tests. Buyer agrees to indemnify Seller for the acts of themselves, their inspectors and/or representatives in exercising their rights under this paragraph. Buyer's obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. Buyer shall make such inspections as indicated in this paragraph and either accept the Property in its present condition by written notice to Seller or terminate the Agreement as provided for in each section marked below.

[Select any or all of the following stipulations. Unselected items are not a part of this Agreement.]

☒ **A. Feasibility Study.** Buyer shall have the right to review all aspects of the Property, including but not limited to, all governmental, zoning, soil and utility service matters related thereto. If Buyer provides a copy of the review reports along with written notification to Seller and/or Seller's Broker within 120 days after Binding Agreement Date that Buyer is not satisfied with the results of such review, then this Agreement shall automatically terminate and Broker shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide report and notice, then this contingency shall be deemed to have been waived by Buyer. Seller acknowledges and agrees that Buyer and/or his agents and employees may have free access during normal business hours to visit the Property for the purpose of (1) inspection thereof and (2) conducting such soil and other tests thereon as are deemed reasonably necessary by Buyer. Buyer hereby agrees to indemnify and hold Seller, Broker, and Broker's Affiliated Licensees harmless from and against any and all loss, injury, cost, or expense associated with Buyer's inspection of and entry upon Property.

☒ **B. Building Permit.** This Agreement is contingent upon Buyer's ability to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property. If Buyer provides a copy of the governmental report along with written notification to Seller and/or Seller's Broker within 120 days after the Binding Agreement Date that Buyer is unable to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property, then in such event this Agreement shall automatically terminate and Holder shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide said report and notice, then this contingency shall be deemed to have been waived by Buyer.

☐ **C. Permit for Sanitary Septic Disposal System.** This Agreement is contingent upon the Buyer's ability to obtain a permit for a sanitary septic disposal system from the respective Tennessee Ground Water Protection Office for the county in which the Property is located (generally, located at the local Health Department) to be placed on the Property in a location consistent with Buyer's planned improvements. If Buyer is unable to meet this condition, Buyer must notify Seller and/or Seller's Broker in writing within N/A days after the Binding Agreement Date along with documentation reflecting denial of permit from the appropriate governmental entity. With proper notice, the Agreement is voidable by Buyer and Earnest Money refunded. If Buyer fails to provide said notice, this contingency shall be deemed to have been waived by Buyer.

☐ **D. Rezoning.** This Agreement is contingent upon the Property being rezoned to CS or MPO by the appropriate governmental authorities on or before 12/19/2015. (Buyer or Seller) Buyer shall be responsible for pursuing such rezoning, and paying all associated cost. All rezoning applications shall be submitted to Seller for Seller's approval prior to filing, which approval shall not be unreasonably withheld. All parties agree to cooperate, to sign the necessary documentation and to support the rezoning application. If Buyer provides documentation and written notification to Seller and/or Seller's Broker within 48 hours after the above date that the Property cannot be so zoned, then in such event this Agreement shall

260 automatically terminate, and Holder shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide
261 said documentation and notice, then this contingency shall be deemed to have been waived by Buyer.

- 262 ☐ **E. Well Test.** This Agreement is contingent upon the well water serving the Property passing testing for
263 suitability for drinking as performed by a testing laboratory selected by Buyer, or required by Buyer's Lender,
264 prior to Closing. Buyer shall be responsible for ordering, supervising and paying for any such well water sample
265 test. This Agreement shall also be contingent upon said well providing an adequate quantity of water to serve
266 Buyer's intended purpose for the Property. If Buyer provides a copy of said test along with written notification to
267 Seller and/or Seller's Broker within N/A days after the Binding Agreement Date that test results are
268 unacceptable, then in such event this Agreement shall automatically terminate, and Holder shall promptly refund the
269 Earnest Money to Buyer. If Buyer fails to provide said notice and report, then this contingency shall be deemed to
270 have been waived by Buyer.

- 271 ☐ **F. Other Inspections.** See Special Stipulations for additional inspections required by Buyer.

- 272 ☐ **G. No Inspection Contingencies.** Buyer accepts the Property in its present condition. All parties acknowledge
273 and agree that the Property is being sold "AS IS" with any and all faults.

- 274 7. **Final Inspection.** Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of
275 Property on the Closing Date or within 5 day(s) prior to Closing Date only to confirm Property is in the same or better
276 condition as it was on the Binding Agreement Date, normal wear and tear excepted, and to determine that all
277 repairs/replacements have been completed. Property shall remain in such condition until the Closing Date at Seller's
278 expense. Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless
279 otherwise noted in writing.

- 280 8. **Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address
281 the concern by specific contingency in the Special Stipulations paragraph of this Agreement.

- 282 A. **Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary
283 lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a survey, closing loan
284 survey or Boundary Line Survey and Flood Zone Certifications.

- 285 B. **Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include
286 factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of
287 the buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the
288 insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine
289 whether any exclusions will apply to the insurability of said Property.

- 290 C. **Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of
291 Buyer to determine the compliance of the system with state and local requirements. [For additional information on
292 this subject, request the "Water Supply and Waste Disposal Notification" form.]

- 293 D. **Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of
294 Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a
295 fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation,
296 Division of Ground Water Protection. [For additional information on this subject, request the "Water Supply and
297 Waste Disposal Notification" form.]

- 298 E. **Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and/or condominium
299 declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use
300 of the Property by Buyer.

- 301 9. **Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting
302 Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not
303 have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers
304 shall not be responsible for any of the following, including but not limited to, those matters which could have been
305 revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or
306 cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for building
307 products and construction techniques; for any geological issues present on the Property; for any issues arising out of the
308 failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for the necessity or cost of
309 any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the
310 availability, capability, and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending
311 condemnation actions involving the Property; for acreage or square footage; for applicable boundaries of school districts
312 or other school information; for the appraised or future value of the Property; for any condition(s) existing off the
313 Property which may affect the Property; for the terms, conditions, and availability of financing; and for the uses and



zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

10. **Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

11. **Default.** Should Buyer default hereunder, the Earnest Money shall be forfeited as damages to Seller and shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money shall be refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees.

12. **Other Provisions.**

A. **Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller, or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. **Survival Clause.** Any provision contained herein, which by its nature and effect is required to be performed after Closing shall survive the Closing and delivery of the deed, and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. **Governing Law and Venue.** This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. **Time of Essence.** Time is of the essence in this Agreement.

E. **Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. In the event a performance deadline, other than the Closing Date (as defined in paragraph 4 herein), Date of Possession (as defined in paragraph 4 herein), and Offer Expiration Date (as defined in paragraph 16 herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. **Responsibility to Cooperate.** Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. Buyer and Seller agree that if requested after Closing, they

will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. **Notices.** Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person; (2) by a prepaid overnight delivery service; (3) by facsimile transmission (FAX); (4) by the United States Postal Service, postage prepaid, registered or certified, return receipt requested; or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or the Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. **Risk of Loss.** The risk of hazard or casualty loss or damage to the Property shall be borne by Seller until transfer of title. If casualty loss prior to Closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this Agreement with a refund of Earnest Money to Buyer.

I. **Equal Housing.** This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. **Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

K. **Property Delivery Condition.** Seller shall deliver Property clean and free of debris at time of possession.

L. **Contract Construction.** This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

M. **Other.** In further consideration of Buyer's right to legally, properly and in good faith invoke a right to terminate this Agreement pursuant to any specific Buyer contingency as stated herein, Buyer agrees, upon Seller's request or as provided for in this Agreement, to provide Seller or Seller's representative with copies of any supporting documentation which supports Buyer's right to exercise said contingency, the sufficiency and adequacy of said consideration being acknowledged. Any such supporting documents shall be provided for Seller's benefit only and Seller shall not disseminate the same to third parties. However, Buyer shall not be required to provide any documents to Seller in violation of any confidentiality agreement or copyright protection laws, if applicable.

13. **Method of Execution.** The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as originals and that the final Lot/Land Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal law.

14. **Exhibits and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:

15. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
Buyer will not allow driveway and/or entrance into property to be directly across from the house of Jackie L. and Cindy R. Smith.

This contract is subject to buyer having adequate access to Fort Hill Rd. for entrance.

Contingent upon rezoning approval.

Contingent upon approval of the engineering and architectural firm employed by Buyer.

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RF 404 – Lot/Land Purchase and Sale Agreement, Page 8 of 9

Version 01/01/2015



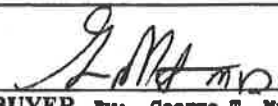
424 16. **Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not
425 countered or accepted by _____ o'clock ☐ a.m./ ☐ p.m.; on the _____ day of _____.

426 **LEGAL DOCUMENTS:** This is an important legal document creating valuable rights and obligations. If you have
427 any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is
428 authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

429 **NOTE:** Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this
430 Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have
431 received a copy of this Agreement.

432 Buyer hereby makes this offer.

433
434 **BUYER** Humphreys County Nursing Home


BUYER By: George T. Mathai, Chairman

435 _____ at _____ o'clock ☐ am/ ☐ pm

436 **Offer Date**

_____ at _____ o'clock ☐ am/ ☐ pm

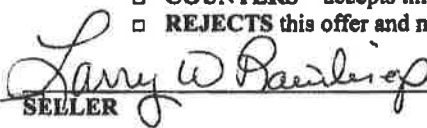
Offer Date

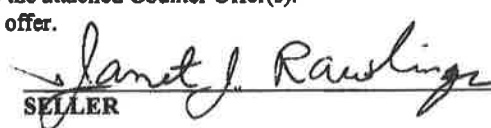
437 Seller hereby:

438 ☒ **ACCEPTS** – accepts this offer.

439 ☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).

440 ☐ **REJECTS** this offer and makes no counter offer.

441 
442 **SELLER**


SELLER

443 _____ at _____ o'clock ☐ am/ ☐ pm

444 **Date**

_____ at _____ o'clock ☐ am/ ☐ pm

Date

445 **Binding Agreement Date.** This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date")
446 the last offeror, or licensee of the offeror, receives notice of offeree's acceptance.

447 Notice of acceptance of the final offer was received on the _____ day of _____, _____ at
448 _____ o'clock by _____ (Name).

For Information Purposes Only:

Listing Company: Bill Collier Realty & Auction

Selling Company: Bill Collier Realty & Auction Co.

Listing Licensee: Betty Himes

Selling Licensee: Betty Himes

Licensee Email: bhimes@realtracs.com

Licensee Email: _____

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RF 404 – Lot/Land Purchase and Sale Agreement, Page 9 of 9

Version 01/01/2015

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CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the Licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. As used below, "Seller" includes sellers and landlords; "Buyer" includes buyers and tenants. Notice is hereby given that the agency status of this Licensee (or Licensee's company) is as follows in this transaction:

The real estate transaction involving the property located at:

PROPERTY ADDRESS

SELLER NAME: _____	BUYER NAME: <u>Humphreys County Nursing Home</u>
LICENSEE NAME: <u>Betty Himes</u>	LICENSEE NAME: <u>Betty Himes</u>
in this consumer's current or prospective transaction is serving as:	in this consumer's current or prospective transaction is serving as:
<input type="checkbox"/> Transaction Broker or Facilitator. (not an agent for either party).	<input type="checkbox"/> Transaction Broker or Facilitator. (not an agent for either party).
<input checked="" type="checkbox"/> Seller is Unrepresented.	<input type="checkbox"/> Buyer is Unrepresented.
<input type="checkbox"/> Agent for the Seller.	<input type="checkbox"/> Agent for the Buyer.
<input type="checkbox"/> Designated Agent for the Seller.	<input checked="" type="checkbox"/> Designated Agent for the Buyer.
<input type="checkbox"/> Disclosed Dual Agent (for both parties), with the consent of both the Buyer and the Seller in this transaction.	<input type="checkbox"/> Disclosed Dual Agent (for both parties), with the consent of both the Buyer and the Seller in this transaction.

This form was delivered in writing, as prescribed by law, to any unrepresented buyer prior to the preparation of any offer to purchase, OR to any unrepresented seller prior to presentation of an offer to purchase; OR (if the Licensee is listing a property without an agency agreement) prior to execution of that listing agreement. This document also serves as confirmation that the Licensee's Agency or Transaction Broker status was communicated orally before any real estate services were provided and also serves as a statement acknowledging that the buyer or seller, as applicable, was informed that any complaints alleging a violation or violations of Tenn. Code Ann. § 62-13-312 must be filed within the applicable statute of limitations for such violation set out in Tenn. Code Ann. § 62-13-313(e) with the Tennessee Real Estate Commission, 710 James Robertson Parkway, 3rd Floor, Nashville, TN 37232, PH: (615) 741-2273. This notice by itself, however, does not constitute an agency agreement or establish any agency relationship.

By signing below, parties acknowledge receipt of confirmation of Agency relationship disclosure by Realtor® acting as Agent/Broker OR other status of Seller/Landlord and/or Buyer/Tenant pursuant to the National Association of Realtors® Code of Ethics and Standards of Practice.

<u>[Signature]</u> Seller Signature Larry W. Rawlings	Date	<u>[Signature]</u> Buyer Signature George T. Mathai, Chairman	Date 3/19/15
<u>[Signature]</u> Seller Signature Janet J. Rawlings	Date	Buyer Signature	Date
Listing Licensee Betty Himes	Date	Selling Licensee Betty Himes	Date
Bill Collier Realty & Auction	Date	Bill Collier Realty & Auction Co.	Date
Listing Company	Date	Selling Company	Date

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RF 302 - Confirmation of Agency Status, Page 1 of 1

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DISCLAIMER NOTICE

The Brokers and their affiliated licensees (hereinafter collectively "Licensees") involved in the Purchase and Sale Agreement (hereinafter "Agreement") regarding real estate located at

15.40A Fort Hill Rd. Waverly TN 37185 (hereinafter "Property")

are not attorneys and are not structural or environmental engineers. They are engaged in bringing together buyers and sellers in real estate transactions. Licensees expressly deny any expertise with respect to advice or informed opinions regarding any of the following matters. This Disclaimer Notice is an express warning to all sellers and buyers that they should not rely on any statement, comment or opinion expressed by any Licensee when making decisions about any of the following matters, including the selection of any professional to provide services on behalf of buyers or sellers. Any professional selected by buyers or sellers should be an "independent, qualified professional", who complies with all applicable state/local requirements, which may include licensing, insurance, and bonding requirements. It is strongly recommended that buyers include contingency clauses in their offers to purchase with respect to these or any other matters of concern and that buyers, in writing the offer, allow enough time to get an evaluation of the following matters from an independent, qualified professional. The matters listed below are not an exclusive list of actions or circumstances which are not the responsibility of the Licensees with whom you work. These items are examples and are provided only for your guidance and information.

1. **THE STRUCTURAL OR OTHER CONDITIONS OF THE PROPERTY.** Consult with professional engineers or other independent, qualified professionals to ascertain the existence of structural issues, the condition of synthetic stucco (E.I.F.S.) and/or the overall condition of the Property.
2. **THE CONDITION OF ROOFING.** Consult with a bonded roofing company for any concerns about the condition of the roof.
3. **HOME INSPECTION.** We strongly recommend that you have a home inspection, which is a useful tool for determining the overall condition of a home including, but not limited to, electrical, heating, air conditioning, plumbing, water-heating systems, fireplaces, windows, doors and appliances. Contact several sources (like the Tennessee Department of Commerce & Insurance (www.state.tn.us/commerce/index.shtml), the American Society of Home Inspectors (www.ashi.com), the National Association of Certified Home Inspectors (www.nahi.org), and Home Inspectors of Tennessee Association (www.hita.us) and independently investigate the competency of an inspector, including whether he has complied with State and/or local licensing and registration requirements in your area. The home inspector may, in turn, recommend further examination by a specialist (heating-air-plumbing, etc.). Failure to inspect typically means that you are accepting the Property "as is".
4. **WOOD DESTROYING ORGANISMS, PESTS AND INFESTATIONS.** It is strongly recommended that you use the services of a licensed, professional pest control company to determine the presence of wood destroying organisms (termites, fungus, etc.) or other pests or infestations and to examine the Property for any potential damage from such.
5. **ENVIROMENTAL HAZARDS.** Environmental hazards, such as, but not limited to: radon gas, mold, asbestos, lead-based paint, hazardous wastes, landfills, byproducts of methamphetamine production, high-voltage electricity, noise levels, etc., require advanced techniques by environmental specialists to evaluate, remediate and/or repair. It is strongly recommended that you secure the services of knowledgeable professionals and inspectors in all areas of environmental concern.

- 40 6. **SQUARE FOOTAGE.** There are many ways of measuring square footage. Information is sometimes
41 gathered from tax or real estate records on the Property. Square footage provided by builders, real estate
42 licensees, or tax records is only an **estimate** with which to make comparisons, but it is **not guaranteed**. It is
43 advised that you have a licensed appraiser determine actual square footage.
- 44 7. **CURRENT VALUE, INVESTMENT POTENTIAL, OR RESALE VALUE OF THE PROPERTY.** A
45 true estimate of the value can only be obtained through the services of a licensed appraiser. No one, not even
46 a professional appraiser, can know the future value of a property. Unexpected and unforeseeable things
47 happen. **NOTE:** A real estate licensee's Comparative Market Analysis (CMA) or Broker's Price Opinion
48 (BPO), etc., while sometimes used to set an asking price or an offer price, is **not** an appraisal.
- 49 8. **BOUNDARY LINES, EASEMENTS, ENCROACHMENTS, AND ACREAGE.** It is strongly advised
50 that you secure the services of a licensed surveyor for a full-stake boundary survey with all boundary lines,
51 easements, encroachments, flood zones, total acreage, etc., clearly identified. It is also advised that you **not**
52 rely on mortgage loan inspection surveys, previous surveys, plat data, or Multiple Listing Service (MLS) data
53 for this information, even if acceptable to your lender.
- 54 9. **ZONING, CODES, COVENANTS, RESTRICTIONS, AND RELATED ISSUES.** Zoning, codes,
55 covenants, restrictions, home owner association by-laws, special assessments, city ordinances, governmental
56 repair requirements and related issues need to be verified by the appropriate sources in writing. If your
57 projected use requires a zoning or other change, it is recommended that you either wait until the change is in
58 effect before committing to a property or provide for this contingency in your Purchase and Sale Agreement.
- 59 10. **UTILITY CONNECTIONS, SEPTIC SYSTEM CAPABILITY, AND RELATED SERVICES.** The
60 availability, adequacy, connection and/or condition of waste disposal (sewer, septic system, etc.), water
61 supply, electric, gas, cable, internet, telephone, or other utilities and related services to the Property need to be
62 verified by the appropriate sources in writing. You should have a professional check access and/or
63 connection to public sewer and/or public water source and/or the condition of any septic system(s) and/or
64 wells. To confirm that any septic systems are properly permitted for the actual number of bedrooms, it is
65 recommended that sellers and/or buyers request a copy of the information contained in the file for the
66 Property maintained by the appropriate governmental permitting authority. If the file for this Property cannot
67 be located or you do not understand the information contained in the file, you should seek professional advice
68 regarding this matter. For unimproved land, septic system capability can only be determined by using the
69 services of a professional soil scientist and verifying with the appropriate governmental authorities that a
70 septic system of the desired type, size, location, and cost can be permitted and installed to accommodate the
71 size home that you wish to build.
- 72 11. **FLOODING, DRAINAGE, FLOOD INSURANCE, AND RELATED ITEMS.** It is recommended that
73 you have a civil or geotechnical engineer or other independent expert determine the risks of flooding,
74 drainage or run-off problems, erosion, land shifting, unstable colluvial soil, sinkholes and landfills. The risk
75 of flooding may increase and drainage or storm run-off pathways may change. Be sure to consult with the
76 proper governmental authorities, elevation surveyors, and flood insurance professionals regarding flood and
77 elevation certificates, flood zones, and flood insurance requirements, recommendations and costs.
- 78 12. **CONDEMNATION.** It is recommended that you investigate whether there are any pending or proposed
79 condemnation proceedings or similar matters concerning any portion of the Property with the State, County
80 and city/town governments in which the Property is located. Condemnation proceedings could result in all or
81 a portion of the Property being taken by the government with compensation being paid to the landowner.
- 82 13. **SCHOOL DISTRICTS AND OTHER SCHOOL INFORMATION.** It is advised that you independently
83 confirm school zoning with the appropriate school authorities, as school districts are subject to change. Other
84 school information (rankings, curriculums, student-teacher ratios, etc.) should be confirmed by appropriate
85 sources in writing.



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86 14. **INFORMATION ABOUT CRIMES, METHAMPHETAMINE PROPERTIES, OR SEX**
87 **OFFENDERS.** You should consult with local, state and federal law enforcement agencies for information or
88 statistics regarding criminal activity at or near the Property, the presence of methamphetamine manufacturing,
89 or for the location of sex offenders in a given area.

90 15. **LEGAL AND TAX ADVICE.** You should seek the advice of an attorney and/or certified tax specialist on
91 any legal or tax questions concerning any offers, contracts, issues relating to title or ownership of the
92 Property, or any other matters of concern, including those itemized in this Disclaimer Notice. Real estate
93 licensees are not legal or tax experts, and therefore cannot advise you in these areas.

94 16. **RECOMMENDED INSPECTORS, SERVICE PROVIDERS, OR VENDORS.** The furnishing of any
95 inspector, service provider or vendor named by the real estate licensee is done only as a convenience and a
96 courtesy, and does not in any way constitute any warranty, representation, or endorsement. Buyers and sellers
97 have the option to select any inspectors, service providers or vendors of the buyer's or seller's choice. You
98 are advised to contact several sources and independently investigate the competency of any inspector,
99 contractor, or other professional expert, service provider or vendor and to determine compliance with any
100 licensing, registration, insurance and bonding requirements in your area.

101 The buyers and sellers acknowledge that they have not relied upon the advice, casual comments, or verbal
102 representations of any real estate licensee relative to any of the matters itemized above or similar matters.
103 The buyers and sellers understand that it has been strongly recommended that they secure the services of
104 appropriately credentialed experts and professionals of the buyer's or seller's choice for the advice and
105 counsel about these and similar concerns.

106 The party(ies) below have signed and acknowledge receipt of a copy.

107 [Signature]
108 CLIENT/CUSTOMER (☒ BUYER / ☐ SELLER)

Humphreys County Nursing Home

109 8/19/15 at _____ o'clock ☐ am/ ☐ pm

110 Date

CLIENT/CUSTOMER (☐ BUYER / ☐ SELLER)

at _____ o'clock ☐ am/ ☐ pm

Date

111 The party(ies) below have signed and acknowledge receipt of a copy.

112 [Signature]
113 CLIENT/CUSTOMER (☐ BUYER / ☒ SELLER)

Larry W. Rawlings

114 at _____ o'clock ☐ am/ ☐ pm

115 Date

[Signature]
CLIENT/CUSTOMER (☐ BUYER / ☒ SELLER)

Janet J. Rawlings

at _____ o'clock ☐ am/ ☐ pm

Date

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ATTACHMENT B.

PROJECT DESCRIPTION

CODES LETTER

HFR DESIGN

214 Centerview Dr.
Suite 300
Brentwood, TN 37027
615-370-8500
hfrdesign.com

November 9, 2015

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

**RE: Certificate of Need Application
Humphreys County Nursing Home**

To Whom it May Concern:

This project will be designed to comply with applicable codes and licensing requirements. Below is the list of codes that are currently enforced for the Humphreys County Nursing Home Project and will be designed to comply with these regulations.

- **State of TN Department of Health Code Requirements:**
 - 2012 International Building Code (IBC)
 - 2012 LSC – NFPA – 101 Life Safety Code
 - 2012 International Fire Code (IFC)
 - 2012 International Plumbing Code (IPC)
 - 2012 International Mechanical Code (IMC)
 - 2009 International Energy Conservation Code (IECC)
 - 2011 National Electric Code (NEC)
 - 2012 International Fuel Gas Code
 - 1999 – 2004 North Carolina Accessibility Code with 2004 Amendments
 - 2004 ADA Americans with Disabilities Act Accessibility Guidelines
 - FGI (formerly AIA) Guidelines for Design and Construction of Hospital and Health Care Facilities
- **City of Waverly, TN Code Requirements:**
 - 2012 International Building Code (IBC) (Including appendix C, D, F)
 - 2011 National Electrical Code (NEC)
 - 2012 International Plumbing code (IPC) (Including appendix F)
 - 2012 International Mechanical Code (IMC) (Including appendix A)
 - 2012 International Fuel Gas Code (Including appendix C)

Should you have any questions or require further information, please do not hesitate to contact our office.

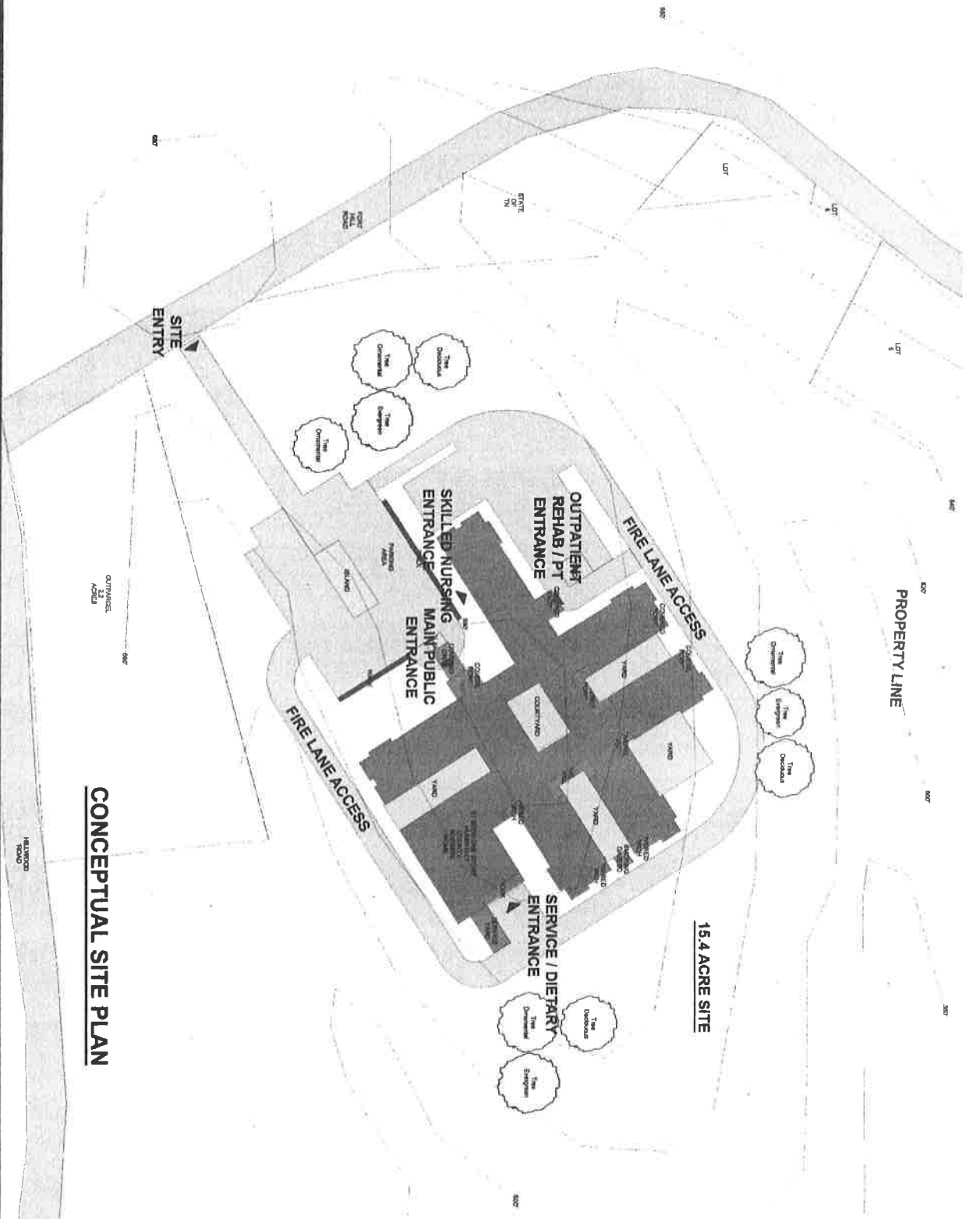
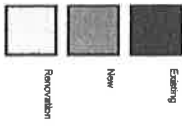
Sincerely,



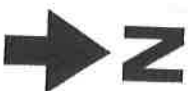
Tom Testerman, NCARB, ACHA, EDAC
Director of Planning

ATTACHMENT B. III. A.

PLOT PLAN



CONCEPTUAL SITE PLAN



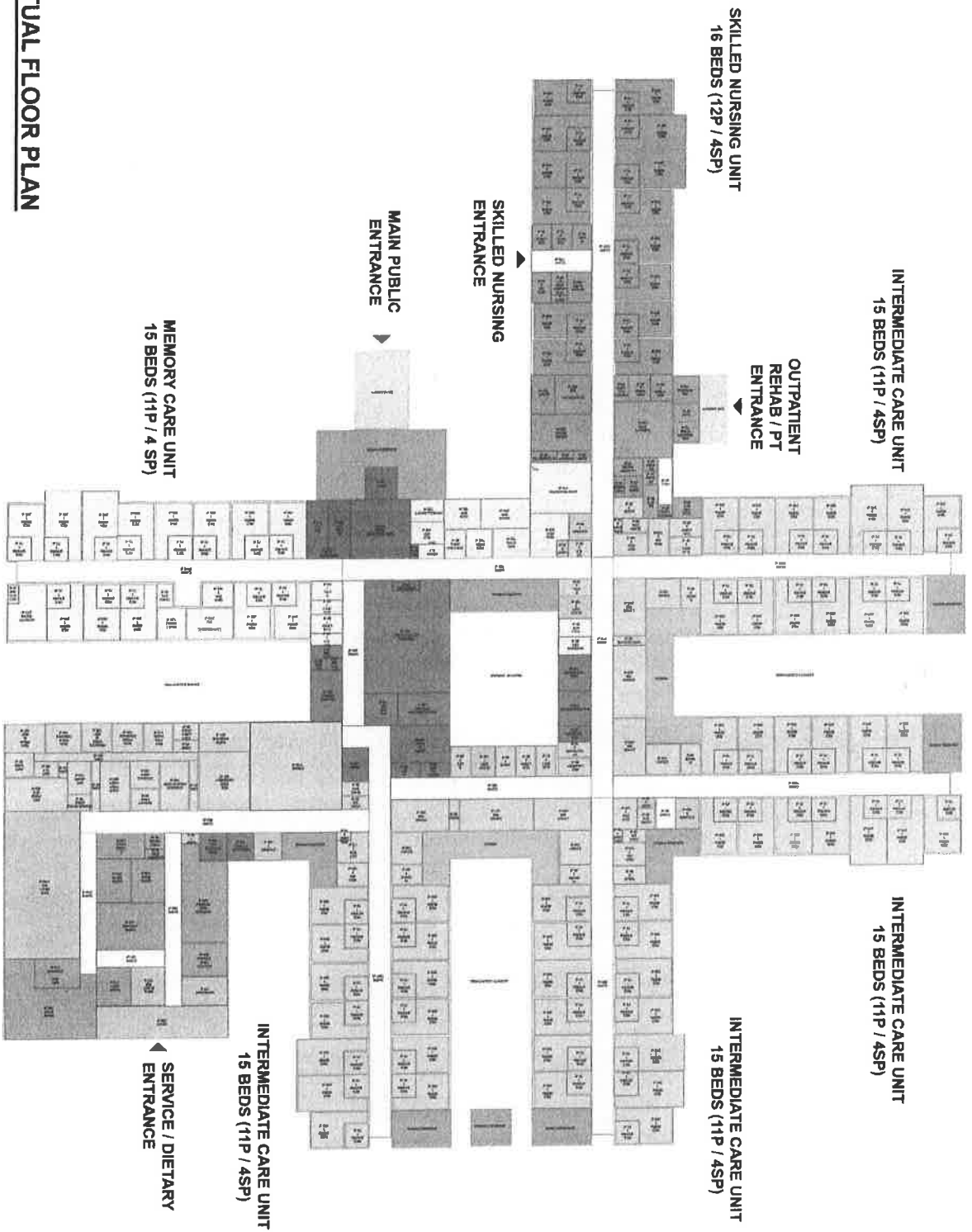
10/23/2015

HFR DESIGN

HUMPHREYS COUNTY NURSING HOME
WAVERLY, TN

ATTACHMENT B. IV.

FLOOR PLAN

[illegible]

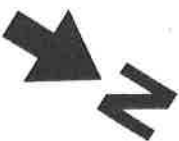
CONCEPTUAL FLOOR PLAN

HFR DESIGN

**HUMPHREYS COUNTY NURSING HOME
WAVERLY, TN**



10/23/2015



**ATTACHMENT NURSING HOME
SERVICES A. 4.**

SERVICE AREA MAP

A map of Georgia showing its 159 counties. The county of Spalding is highlighted with diagonal hatching. The map includes labels for all counties, such as Spalding, Fulton, DeKalb, and others.

**ATTACHMENT ECONOMIC
FEASIBILITY 1 –
LETTER FROM PROJECT ARCHITECT
OUTLINING THE ESTIMATED
CONSTRUCTION COST**

HFR DESIGN

214 Centerview Dr.
Suite 300
Brentwood, TN 37027
615-370-8500
hfrdesign.com

November 9, 2015

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

**RE: Certificate of Need Application
Humphreys County Nursing Home**

To Whom it May Concern:

The project consists of new construction to create an approximately 60,000 SF replacement nursing home. Based on historical cost data of similar projects, we believe a reasonable estimate of project costs are outlined below:

Site Prep	\$1,200,000
Construction Cost	\$10,620,000
Contingency Fund	\$400,000
A/E Fee	\$637,200

Should you have any questions or require further information, please do not hesitate to contact our office.

Sincerely,



Tom Testerman, NCARB, ACHA, EDAC
Director of Planning

ATTACHMENT C, ECONOMIC FEASIBILITY – 2.

LETTER FROM LENDING INSTITUTION



Jacob Vial
Vice President
FHA Department

Capital One Multifamily Finance 312.739.4903
77 W. Wacker Drive, Ste. 1100 capitalone.com
Chicago, Illinois 60601

November 5, 2015

Mr. Bill Sullivan
Nursing Home Administrator
Humphreys County Nursing Home
670 TN-13
Waverly, TN 37185

Subject: FHA Letter of Intent
Proposed Replacement Facility: Humphreys County Nursing Home ("The Facility")

Dear Mr. Sullivan:

Capital One Multifamily Finance, LLC "we" or "Lender" is pleased to offer a Letter of Intent for the construction and permanent financing of the Facility. This letter does not represent a commitment by the Lender or create any obligation whatsoever on Capital One's part. However, we believe that the transaction, as presented, is feasible and of low risk to the FHA Insurance Fund.

Lender will fund a construction and permanent loan pursuant to the following terms:

Developer:	Humphreys County Nursing Home
Borrower:	TBD single-asset entity
Facility Location:	Waverly, Tennessee
Number of Beds:	91 Skilled Nursing Beds
Target Loan Amount:	\$11,509,000
Minimum Debt Service Coverage:	1.45x based on amortized interest rate, plus MIP
Loan to Cost:	Up to 90% of HUD allowable Replacement Costs subject to DCR and Statutory per Unit Loan Limits.
Loan to Value:	Up to 85% LTV subject to appraisal and HUD approvals.



Target Interest Rate:	Construction and Permanent Loan will bear interest at a market rate. For underwriting purposes, a rate of 4.25% has been utilized.
Prepayment Terms:	A prepayment lockout for 2 years followed by a prepayment penalty of 8% the 3rd year declining by 1% per year through the 10th year. No penalty thereafter. Subject to market conditions at the time of rate lock.
Disbursement Conditions:	Disbursement contingent upon insured advances pursuant to the FHA Section 232 New Construction program.
Construction Term:	14 months – Interest Only
Permanent Term:	40 Years, fully amortizing
FHA Insurance Program:	232 New Construction
Security:	The loan shall be secured by a first lien on all project assets and the facility license.
Non-Recourse Loan:	This loan will be non-recourse, pursuant to the HUD Regulatory Agreement.
Lender Financing Fee:	Construction Loan: A fee equal to 1.5% of the mortgage amount, payable from Loan proceeds at Initial Endorsement.
Permanent Loan Fee:	A fee estimated at \$35,200 payable from Loan proceeds at Initial Endorsement. This Permanent Loan Fee includes the Processing Fee (\$7,500), Lender Legal (est. \$25,000), and GNMA fee (est. \$2,700).
Processing Fee:	\$7,500, Non Refundable, payable at Engagement and included in the Lender Permanent Loan Fee.
Closing/Lender Legal Fee:	Estimated at \$25,000, payable at Initial Endorsement and included in the Lender Permanent Loan Fee.
HUD Fees:	Application/Exam Fee is 0.30%; Inspection Fee is 0.50%; Mortgage Insurance Premium "MIP" is required. Currently, MIP is 77 basis points per annum for skilled nursing new construction transactions. 0.77% is collected at Initial Endorsement with an additional 0.77% billed on the one-year anniversary.



Escrows:

Reserve for Replacement:	HUD formula is $.006 \times \text{Structures Cost} + 0.1 \times \text{Major Movable Equipment Cost}$ as on-going annual reserve.
Working Capital:	4% of mortgage amount required by HUD, 2% of which constitutes hard cost contingency.
Operating Deficit Escrow:	To be determined upon final appraisal & HUD approval. Typical is 12 months of debt service or amount determined by appraisal, underwriter and HUD based upon projected absorption.
Debt Service Reserve Escrow:	To be determined upon final appraisal & HUD approval. Typical is 6 months of debt service or amount determined by appraisal, underwriter and HUD based upon projected absorption and market risk.
Tax & Insurance:	Required

The Lender's obligation to fund this loan is subject sponsor equity necessary to balance the sources & uses of funds. The Firm Commitment must be mutually acceptable to both the Lender and Borrower.

As a Vice President, the undersigned is authorized to execute this Letter of Intent on behalf of Capital One Multifamily Finance, LLC.

Very truly yours,

Capital One Multifamily Finance, LLC

A handwritten signature in cursive script, appearing to read "Jacob Vial".

Jacob Vial, Vice President



Rural Development Zero Interest Loan Inquiries

FAST FACTS Information Sheet

Ultimate approval of loan funds comes from Rural Development. MLEC acts as the borrower from Rural Development then loans the money to the approved entity.

1) Basic Details:

- Maximum loan amount \$1,000,000
- No-interest, 10-year pay back term, possible 2-year deferment
- Available to profit and non-profit organizations
- Project should be for job creation or community development
- No more than 80 percent of the total project may be financed through the program
- Loan is competitive and funded through Rural Development. MLEC borrows on behalf of the project, and then a repayment schedule is created through MLEC.
- Application and approval process lengthy, and there are no guarantees.

2) Application Process:

- Submit project description in writing to MLEC which includes:
 - Project goal
 - Project budget (including statement confirming that supplemental financing is secured and explanation of how funds will be raised to meet monthly payment schedule)
 - Statement of how loan would be secured (e.g. security interest in real and personal property of project; personal guaranties; governmental entities capital outlay notes)
 - Confirmation that the "Borrower" is also the building/land owner
- MLEC will share the written project information with local MLEC Board Members and coordinate a meeting if necessary.
- Once local approval is granted, the member will need to work with the development district for their area to complete the loan application. It is then presented to the full board, and if approved, returned to Rural Development for submission to RUS.

If approved by RUS, MLEC receives and pays back the loan to RUS. In turn, MLEC loans the money to the ultimate recipient and receives payments from them.

Applicant may begin work once application officially submitted to Rural Development. After that point, any expenditures incurred can be reimbursed through the loan. However, ultimate borrower should proceed with caution because loan is not guaranteed and the competitive process nationwide.

Additional Information:

Development Districts: (application completion assistance)

Hickman, Lewis & Perry Counties: South Central Tennessee Development District
Contact: Eddie Fitzgerald or Nathan Ward
(931) 379-2929

Humphreys & Houston Counties: Greater Nashville Regional Council
1-615-862-8828



FIRST TENNESSEE

Proposal for Financing Humphreys County Nursing Home September 9, 2015

Borrower: Humphreys County Nursing Home

Loan Amount: \$10,000,000 with advances not to exceed the lesser of 90% of total costs or 80% of the appraised value.

Purpose: To finance the construction of a new 91-bed nursing home facility on 15.4 acres in Humphreys County.

Interest only: 24-month, interest-only construction period; the interest rate will float with New York Prime (currently 3.25%) +1% until completion of construction with interest only payments due monthly.

Rate Options: 1) 5-year fixed rate of 3.95%
2) 7-year fixed rate of 4.80%

Term: 20-year amortization with a 5- or 7-year fixed rate term upon completion of construction

**25-year amortization will be acceptable if the LTV of the property is less than 75%.

Origination Fee: None

Collateral: To finance the construction of a new 91-bed nursing home facility on 15.4 acres in Humphreys County.

Plans and specs, along with a construction budget prepared by a licensed general contractor will be required prior to approval.

Guarantors: None

Conditions: Debt service coverage ratio on the properties is to be $\geq 1.75x$, to be tested annually and calculated as the $[(\text{Net Operating Income} + \text{Noncash Addbacks}) / \text{Annual Debt Service}]$

Closing Costs: All customary closing costs will be paid by the Borrower, including, but not limited to, recording fees, taxes, flood certification, appraisal fees, title insurance, environmental, UUC-1 filings, and any other costs which may be reasonably required.

Reporting Requirements:

- Annual tax returns on the borrower to be provided within 15 days of the filing date.
- Annual internally prepared financial statements (including both an income statement and a balance sheet) are to be provided within 30 days of the fiscal year end.
- Occupancy reports are due quarterly within 15 days of the quarter-end.
- Third party inspections will be required during construction.

This is not a commitment to lend money or extend credit on behalf of the bank. This term sheet is for discussion purposes only and is subject to approval within the credit policies and guidelines of First Tennessee Bank.

**ATTACHMENT C, ECONOMIC
FEASIBILITY 10.
FINANCIAL STATEMENTS**

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2012 and 2013

Page 1

Account	Internal Humphreys CNH June-12	Internal Humphreys CNH June-13
Assets		
Cash	\$389,764	\$410,812
Investments	\$134,457	\$135,401
Accounts Receivables	\$791,573	\$381,576
Interest receivable	\$30	\$23
Prepaid Expenses	\$19,400	\$26,760
Inventory	\$0	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,441,648	\$1,581,336
Construction in progress	\$56,930	\$0
Accumulated Depreciation	(\$1,131,094)	(\$1,210,816)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$14,100	\$15,749
Total Assets	\$1,723,060	\$1,347,091

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2012 and 2013

Page 2

Account	Internal Humphreys CNH June-12	Internal Humphreys CNH June-13
Liabilities and Capital		
Accounts Payable	\$179,734	\$178,064
Notes Payable Insurance	\$16,484	\$19,661
Payroll taxes Payable	\$2,910	\$2,751
Other Accruals	\$12,238	\$12,238
Salary Accrual	\$0	\$0
Patient Trust Payable	\$14,100	\$15,749
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,436,026	\$1,419,959
Current Earnings (loss)	\$61,568	(\$301,331)
Total Liabilities and Capital	\$1,723,060	\$1,347,091

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2012 and 2013

Page 3

Account	Internal Humphreys CNH June-12	PPD	Internal Humphreys CNH June-13	PPD
Revenue				
Medicare	\$877,046	\$407.55	\$811,013	\$377.57
Skilled Medicaid	\$169,771	\$152.67	\$65,608	\$156.21
Private IC	\$425,492	\$172.33	\$704,585	\$182.63

Private Sk	\$47,998	\$479.98	\$2,133,515	\$259.98
Intermediate Medicaid	\$2,176,978	\$157.72	\$2,998,724	\$152.98
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$9,579	\$0.41	\$10,208	\$0.43
Contributions	\$0	\$0.00	\$175	\$0.01
Prior year (bad debts)/Recovery	\$0	\$0.00	\$0	\$0.00
Total Revenue	\$4,306,662	\$183.22	\$4,201,828	\$178.81

Expenses

Nursing	\$1,777,016	\$75.60	\$1,800,085	\$76.60
Ancillary	\$324,455	\$13.80	\$320,872	\$13.65
Dietary	\$380,901	\$16.20	\$416,370	\$17.72
Laundry & Housekeeping	\$275,155	\$11.71	\$248,431	\$10.57
Maintenance	\$125,737	\$5.35	\$173,809	\$7.40
Utilities	\$85,268	\$3.63	\$91,631	\$3.90
Social Service & Activities	\$114,159	\$4.86	\$128,084	\$5.45
Administration	\$492,808	\$20.97	\$516,758	\$21.99
Depreciation & Amortization	\$44,722	\$1.90	\$79,722	\$3.39
Employee Costs	\$586,929	\$24.97	\$653,451	\$27.81
Rental Costs	\$8,892	\$0.38	\$6,476	\$0.28
	\$29,053		\$67,471	\$2.87
Total Costs	\$4,245,095	\$179.36	\$4,503,158	\$191.63
Net Profit (Loss)	\$61,568	\$3.86	(\$301,331)	(\$12.82)

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2012 and 2013

Page 4

	Internal Humphreys CNH June-12	Census	Internal Humphreys CNH June-13
Medicare	2,152		2,148
Sk Medicaid	1,112		420
Sk Pvt	100		52
IC Pvt	2,469		3,858
IC Medicaid	17,673		17,021
Total	23,506		23,499
Salaries Ratio Revenue	53.13%		54.69%
Salaries Ratio Expenses	53.90%		51.03%
	\$2,288,206		\$2,298,072

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2012 and 2013

Departmental Salaries

	2012		2013
Administrator	\$72,462.00	Contract	\$77,000.04
Administrative Asst	\$39,461.55		\$41,947.12
Admin Staff	\$29,011.38		\$38,713.20
DON	\$53,024.67		\$56,821.80
Pt Care Coord	\$41,787.85		\$43,466.23
MDS Coord	\$51,952.90		\$55,453.40
RN	\$64,872.94		\$65,519.94
LPN	\$473,337.60		\$480,018.61
Aides	\$772,777.62		\$780,706.00
Dietary Supervisor	\$26,390.74		\$33,762.51
Dietary other	\$146,784.90		\$154,588.93
Housekeeping	\$101,286.54		\$92,711.31
Laundry	\$56,769.96		\$48,647.33
Laundry Supervisor	\$0.00		\$3,340.80
Maintenance Super	\$31,122.54		\$25,298.28
Maintenance	\$12,933.32		\$37,092.21
Activities Director	\$33,830.51		\$36,004.19
Activities other	\$21,078.12		\$30,083.56
Social Service Dir	\$33,545.03		\$37,606.42
Beautician	\$15,968.35		\$15,898.89
All Department Berevement & Vac	\$55,511.93		\$74,301.78
All Department ETO	\$154,295.72		\$146,089.65
Totals	\$2,288,206.17		\$2,375,072.20

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2012 and 2013

Fixed Assets 2012

	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$72,213.11)	\$8,839.02
Building & improvements	\$849,544.07	(\$660,860.49)	\$188,683.58
Departmental equipment	\$502,276.05	(\$389,244.46)	\$113,031.59
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress	\$56,930.00	\$0.00	\$56,930.00

	Totals	\$1,503,578.25	(\$1,131,094.06)	\$372,484.19
		Fixed Assets 2013		
		Cost	Accum Depr	Net book Value
Land		\$5,000.00		\$5,000.00
Land Improvements		\$81,052.13	(\$72,863.72)	\$8,188.41
Building & improvements		\$849,544.07	(\$679,284.13)	\$170,259.94
Departmental equipment		\$641,963.62	(\$449,891.98)	\$192,071.64
Copier		\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress		\$0.00	\$0.00	\$0.00
	Totals	\$1,586,335.82	(\$1,210,815.83)	\$375,519.99

Humphreys County Nursing Home, Inc.
Other Financial Data
Year ended June 30, 2013

Page 1

Administration Comparison	2013	2012	2011
Salaries Administrator	\$77,000	\$72,462	\$69,804
Salaries Administrative Asst	\$41,947	\$39,462	\$39,836
Salaries Admin Staff	\$38,713	\$29,011	\$28,469
ETO Admin	\$7,316	\$15,300	\$12,181
Vac/Sick/Hol - Admin	\$5,144	\$87	\$306
Insurance Liability	\$44,506	\$39,897	\$44,368
Legal fees	\$5,627	\$2,504	\$6,648
Accounting & Audit fees	\$46,229	\$34,577	\$32,875
Data Processing	\$11,433	\$8,106	\$3,847
Forms & Supplies Admin	\$16,102	\$21,566	\$17,007
Minor Equip Admin	\$2,028	\$3,600	\$7,363
Postage	\$1,886	\$1,717	\$1,354
Bank Charges	\$0	\$0	\$0
CMS Penalty	\$4,388	\$0	\$0
Contractors outside	\$24,753	\$28,001	\$16,950
Telephone/internet	\$12,560	\$10,123	\$11,213
Cable TV	\$7,735	\$8,313	\$7,981
Training/Seminars	\$325	\$5,132	\$5,839
Travel Admin	\$549	\$169	\$193
Dues/Fees Admin	\$13,381	\$18,425	\$11,546
Advertising Help Wanted	\$3,920	\$720	\$696
Advertising general	\$3,963	\$4,278	\$3,978
Bed Tax	\$146,850	\$146,850	\$146,850
Taxes & licenses	\$0	\$1,694	\$2,960
Miscellaneous Expense	\$401	\$814	\$209
Totals	\$516,758	\$492,808	\$472,475

Humphreys County Nursing Home, Inc.**Financial Statements****Years ended June 30, 2013 and 2014**

The attached statements are prepared from the books and records of the nursing home for the years end June 30, 2013 and 2014. They have been reviewed by an accountant whom specializes in nursing home accounting and cost reporting. The financials are prepared as a supplement to the regular in-house computer statements that the home can generate from its own accounting system. The data in these statements has been thoroughly reviewed and compared to outside documentation from Banks, payroll tax returns and statements from Medicaid. These statements can be used by the home to give banks or vendors interested in our performance when doing business with them. In the coming year a quarterly review will be performed that will provide similar statements throughout the year. Please review these statements carefully. If there are any questions please contact Wayne Franklin (618) 407-0127 or by e-mail at fhcwf@att.net or myself.

Bill Sullivan
Administrator

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2013 and 2014

Page 1

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-13
Assets		
Cash	\$526,570	\$410,812
Investments	\$136,046	\$135,401
Accounts Receivables	\$379,688	\$381,576
Interest receivable	\$13	\$23
Prepaid Insurance	\$13,992	\$26,760
Prepaid Other	\$67,422	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,604,246	\$1,581,336
Accumulated Depreciation	(\$1,287,476)	(\$1,210,816)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,965	\$15,749
Total Assets	\$1,459,718	\$1,347,091

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2013 and 2014

Page 2

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-13
Liabilities and Capital		
Accounts Payable	\$93,262	\$178,064
Notes Payable Insurance	\$0	\$19,661
Payroll taxes Payable	\$2,159	\$2,751
Other Accruals	\$40,882	\$12,238
ETO Accrual	\$100,861	\$0
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,965	\$15,749
Mortgage Payable		\$0
Retained Earnings (deficit) unrestricted	\$1,118,628	\$1,419,959
Current Earnings (loss) from Operations	\$191,822	(\$301,506)
(Loss) from Prior Period Adjustment	(\$100,861)	\$0
Total Liabilities and Capital	\$1,459,718	\$1,346,916

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2013 and 2014

Page 3

Account	Internal Humphreys CNH June-14	PPD	Internal Humphreys CNH June-13	PPD
Revenue				
Medicare	\$892,515	\$390.60	\$811,013	\$377.57
Skilled Medicaid	\$60,543	\$163.19	\$65,608	\$156.21
Private IC	\$618,338	\$170.15	\$704,585	\$182.63

Private Sk	\$9,114	\$253.17	\$13,515	\$259.98
Intermediate Medicaid	\$2,885,629	\$187.41	\$2,598,724	\$152.98
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$9,862	\$0.42	\$10,208	\$0.43
(bad debts)/Recovery	\$34,287	\$1.45	(\$67,471)	(\$2.87)
Total Revenue	\$4,430,288	\$186.87	\$4,134,182	\$175.93

Expenses

Nursing	\$1,726,257	\$72.81	\$1,800,085	\$76.60
Ancillary	\$329,021	\$13.88	\$320,872	\$13.65
Dietary	\$411,692	\$17.37	\$416,370	\$17.72
Laundry & Housekeeping	\$194,182	\$8.19	\$248,431	\$10.57
Maintenance	\$115,312	\$4.86	\$173,809	\$7.40
Utilities	\$98,065	\$4.14	\$91,631	\$3.90
Social Service & Activities	\$130,081	\$5.49	\$128,084	\$5.45
Administration	\$506,015	\$21.34	\$516,758	\$21.99
Depreciation & Amortization	\$76,660	\$3.23	\$79,722	\$3.39
Employee Costs	\$645,973	\$27.25	\$653,451	\$27.81
Rental Costs	\$5,208	\$0.22	\$6,476	\$0.28
Total Operating Costs	\$4,238,467	\$178.78	\$4,435,687	\$188.76
Net Profit (Loss) from Operations	\$191,821	\$8.09	(\$301,506)	(\$12.83)
Prior period Adjustment ETO	\$100,861	\$4.25	\$0	\$0.00
Net Income (Loss)	\$90,960	\$3.84	(\$301,506)	(\$12.83)

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2013 and 2014

Page 4

	Internal Humphreys CNH June-14	Census	Internal Humphreys CNH June-13
Medicare	2,285		2,148
Sk Medicaid	371		420
Sk Pvt	36		52
IC Pvt	3,634		3,858
IC Medicaid	17,382		17,021
Total	23,708		23,499
Salaries Ratio Revenue	50.00%		55.59%
Salaries Ratio Expenses	52.27%		51.81%
Salaries inhouse	\$2,215,323		\$2,298,072

Humphreys County Nursing Home, Inc.
Other Financial Data
Year ended June 30, 2013

Page 1

Administration Comparison	2013	2014
Salaries Administrator	\$77,000	\$77,000
Salaries Administrative Asst	\$41,947	\$33,497
Salaries Admin Staff	\$38,713	\$50,698
ETO Admin	\$7,316	\$17,737
Vac/Sick/Hol - Admin	\$5,144	\$505
Insurance Liability	\$44,506	\$43,048
Legal fees	\$5,627	\$11,061
Accounting & Audit fees	\$46,229	\$26,033
Data Processing	\$11,433	\$9,365
Forms & Supplies Admin	\$16,102	\$16,997
Minor Equip Admin	\$2,028	\$730
Postage	\$1,886	\$1,533
Bank Charges	\$0	\$0
CMS Penalty	\$4,388	\$1,350
Contractors outside	\$24,753	\$18,833
Telephone/Internet	\$12,560	\$15,979
Cable TV	\$7,735	\$7,220
Training/Seminars	\$325	\$2,269
Travel Admin	\$549	\$3,652
Dues/Fees Admin	\$13,381	\$11,872
Advertising Help Wanted	\$3,920	\$762
Advertising general	\$3,963	\$4,881
Bed Tax	\$146,850	\$146,850
Taxes & licenses	\$0	\$1,550
Miscellaneous Expense	\$401	\$605
Totals	\$516,758	\$504,026

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2013 and 2014

Departmental Salaries			
	2014		2013
Administrator	\$77,000.04	Contract	\$77,000.04
Administrative Asst	\$33,497.01		\$41,947.12
Admin Staff	\$50,697.65		\$38,713.20
DON	\$52,572.38		\$56,821.80
Pt Care Coord	\$39,096.37		\$43,466.23
MDS Coord	\$46,869.24		\$55,453.40
RN	\$53,872.89		\$65,519.94
LPN	\$447,780.01		\$480,018.61
Aides	\$752,565.29		\$780,706.00
Dietary Supervisor	\$37,145.21		\$33,762.51
Dietary other	\$148,216.35		\$154,588.93
Housekeeping	\$92,170.82		\$92,711.31
Laundry	\$21,011.31		\$48,647.33
Laundry Supervisor	\$28,637.32		\$3,340.80
Maintenance Super	\$36,041.97		\$25,298.28
Maintenance	\$24,666.96		\$37,092.21
Activities Director	\$31,829.92		\$36,004.19
Activities other	\$35,709.92		\$30,083.56
Social Service Dir	\$38,115.34		\$37,606.42
Beautician	\$13,431.14		\$15,898.89
All Department Berevement & Vac	\$58,793.98		\$74,301.78
All Department ETO	\$172,602.04		\$146,089.65
Totals	\$2,292,323.16		\$2,375,072.20

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2013 and 2014

Fixed Assets 2014			
	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$73,779.78)	\$7,272.35
Building & improvements	\$852,744.07	(\$697,408.40)	\$155,335.67
Departmental equipment	\$661,673.77	(\$507,511.94)	\$154,161.83
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Totals	\$1,609,245.97	(\$1,287,476.12)	\$321,769.85

	Fixed Assets 2013		Net book Value
	Cost	Accum Depr	
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$72,863.72)	\$8,188.41
Building & improvements	\$849,544.07	(\$679,284.13)	\$170,259.94
Departmental equipment	\$641,963.62	(\$449,891.98)	\$192,071.64
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress	\$0.00	\$0.00	\$0.00
Totals	\$1,586,335.82	(\$1,210,815.83)	\$375,519.99

Humphreys County Nursing Home, Inc.**Financial Statements****Years ended June 30, 2014 and 2015****For Board of Directors:**

The attached statements are prepared from the books and records of the nursing home for the years end June 30, 2014 and 2015. They have been reviewed by an accountant whom specializes in nursing home accounting and cost reporting. The financials are prepared as a supplement to the regular in-house computer statements that the home can generate from its own accounting system. The data in these statements has been thoroughly reviewed and compared to outside documentation from Banks, payroll tax returns and statements from Medicaid. These statements can be used by the home to give banks or vendors interested in our performance when doing business with them. In the coming year a quarterly review will be performed that will provide similar statements throughout the year. Please review these statements carefully. If there are any questions please contact Wayne Franklin (618) 407-0127 or by e-mail at fhcwf@att.net or myself.

Bill Sullivan
Administrator

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2014 and 2015

Page 1

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-15
Assets		
Cash	\$526,570	\$857,161
Investments	\$136,046	\$136,523
Accounts Receivables	\$379,688	\$421,479
Interest receivable	\$13	\$15
Prepaid Insurance	\$13,992	\$0
Prepaid Other	\$67,422	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,604,246	\$1,688,331
Accumulated Depreciation	(\$1,287,476)	(\$1,357,745)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,965	\$14,940
Total Assets	\$1,459,718	\$1,766,954

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2014 and 2015

Page 2

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-15
Liabilities and Capital		
Accounts Payable	\$93,262	\$89,300
Notes Payable Insurance	\$0	\$0
Payroll taxes Payable	\$2,159	\$1,498
Other Accruals	\$40,882	\$27,140
ETO Accrual	\$100,861	\$61,090
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,965	\$14,940
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,118,628	\$1,209,589
Current Earnings (loss) from Operations	\$191,822	\$363,398
(Loss) from Prior Period Adjustment	(\$100,861)	\$0
Total Liabilities and Capital	\$1,459,718	\$1,766,954

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2014 and 2015

Page 3

Account	Internal Humphreys CNH June-14	PPD	Internal Humphreys CNH June-15	PPD
Revenue				
Medicare	\$892,515	\$390.60	\$713,829	\$410.48
Skilled Medicaid	\$60,543	\$163.19	\$59,250	\$198.16
Private IC	\$618,338	\$170.15	\$777,585	\$175.53
Private SK	\$9,114	\$253.17	\$195,927	\$188.21

Intermediate Medicaid	\$2,805,629	\$161.41	\$3,053,807	\$187.57
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$9,862	\$0.42	\$10,005	\$0.42
(bad debts)/Recovery	\$34,287	\$1.45	(\$11,425)	(\$0.48)
Total Revenue	\$4,430,288	\$186.87	\$4,798,977	\$201.72

Expenses

Nursing	\$1,726,257	\$72.81	\$1,789,002	\$75.20
Ancillary	\$329,021	\$13.88	\$278,075	\$11.69
Dietary	\$411,692	\$17.37	\$414,687	\$17.43
Laundry & Housekeeping	\$194,182	\$8.19	\$221,808	\$9.32
Maintenance	\$115,312	\$4.86	\$109,319	\$4.60
Utilities	\$98,065	\$4.14	\$105,775	\$4.45
Social Service & Activities	\$130,081	\$5.49	\$130,499	\$5.49
Administration	\$506,015	\$21.34	\$630,393	\$26.50
Depreciation & Amortization	\$76,660	\$3.23	\$79,080	\$3.32
Employee Costs	\$645,973	\$27.25	\$670,953	\$28.20
Rental Costs	\$5,208	\$0.22	\$5,989	\$0.25
Total Operating Costs	\$4,238,467	\$178.78	\$4,435,579	\$186.45
Net Profit (Loss) from Operations	\$191,821	\$8.09	\$363,398	\$15.28
Prior period Adjustment ETO	\$100,861	\$4.25	\$0	\$0.00
Net Income (Loss)	\$90,960	\$3.84	\$363,398	\$15.28

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2014 and 2015

Page 4

	Internal Humphreys CNH June-14	Census	Internal Humphreys CNH June-15
Medicare	2,285		1,739
Sk Medicaid	371		299
Sk Pvt	36		1,041
IC Pvt	3,634		4,430
IC Medicaid	17,382		16,281
Total	23,708		23,790
Salaries Ratio Revenue	50.00%		47.38%
Salaries Ratio Expenses	52.27%		51.26%
Salaries inhouse	\$2,215,323		\$2,273,542

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2014 and 2015

Departmental Salaries

	2014		2015
Administrator	\$77,000.04	Contract	\$86,417.00
Administrative Asst	\$33,497.01		\$35,995.01
Admin Staff	\$50,697.65		\$49,640.74
DON	\$52,572.38		\$53,709.71
Pt Care Coord	\$39,096.37		\$41,553.15
MDS Coord	\$46,869.24		\$45,689.92
RN	\$53,872.89		\$63,800.01
LPN	\$447,780.01		\$487,083.91
Aides	\$752,565.29		\$766,028.08
Dietary Supervisor	\$37,145.21		\$31,496.06
Dietary other	\$148,216.35		\$144,488.16
Housekeeping	\$92,170.82		\$107,101.22
Laundry	\$21,011.31		\$31,098.31
Laundry Supervisor	\$28,637.32		\$28,778.03
Enviromental Svcs Director	\$36,041.97		\$49,230.53
Maintenance	\$24,666.96		\$6,720.01
Activities Director	\$31,829.92		\$36,028.27
Activities other	\$35,709.92		\$39,306.87
Social Service Dir	\$38,115.34		\$36,376.91
Beautician	\$13,431.14		\$3,853.14
All Department Berevement & Vac	\$58,793.98		\$54,337.06
All Department ETO	\$172,602.04		\$161,226.70
Totals	\$2,292,323.16		\$2,359,958.80

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2014 and 2015

Fixed Assets 2014

	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$73,779.78)	\$7,272.35
Building & improvements	\$852,744.07	(\$697,408.40)	\$155,335.67
Departmental equipment	\$661,673.77	(\$507,511.94)	\$154,161.83
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Totals	\$1,609,245.97	(\$1,287,476.12)	\$321,769.85

	Fixed Assets 2015		
	Cost	Accum Depr	Net book Value
Land	\$5,000.00	\$0.00	\$5,000.00
Land Improvements	\$81,052.13	(\$74,695.84)	\$6,356.29
Building & improvements	\$888,662.07	(\$716,110.80)	\$172,551.27
Departmental equipment	\$701,617.11	(\$566,938.28)	\$134,678.83
Construction in progress	\$17,000.00	\$0.00	\$17,000.00
Totals	\$1,693,331.31	(\$1,357,744.92)	\$335,586.39

Humphreys County Nursing Home, Inc.
Other Financial Data
Years ended June 30, 2014 and 2015

Page 1

Administration Comparison	2015	2014
Salaries Administrator	\$86,417	\$77,000
Salaries Administrative Asst	\$35,995	\$33,497
Salaries Admin Staff	\$49,641	\$50,698
ETO Admin	\$11,664	\$17,737
Vac/Sick/Hol - Admin	\$0	\$505
Insurance Liability	\$38,515	\$43,048
Legal fees	\$10,032	\$11,061
Accounting & Audit fees	\$20,460	\$26,033
Data Processing	\$12,109	\$9,365
Forms & Supplies Admin	\$16,243	\$16,997
Minor Equip Admin	\$1,430	\$730
Postage	\$1,286	\$1,533
Bank Charges	\$0	\$0
CMS Penalty	\$0	\$1,350
Contractors outside	\$25,751	\$18,833
Telephone/internet	\$16,452	\$15,979
Cable TV	\$8,257	\$7,220
Training/Seminars	\$5,108	\$2,269
Travel Admin	\$819	\$3,652
Dues/Fees Admin	\$8,396	\$11,872
Advertising Help Wanted	\$577	\$762
Advertising general	\$7,640	\$4,881
Bed Tax	\$269,697	\$146,850
Taxes & licenses	\$1,823	\$1,550
Insurance-Life	\$34,362	\$1,947
Insurance Employees Health	\$327,223	\$366,699
Insurance Workers Comp	\$64,352	\$61,413
Company Contr 401 K	\$38,089	\$32,318
Staff Appreciation	\$8,118	\$721
Miscellaneous Expense	\$71	\$605
Totals	\$1,100,529	\$967,125

Humphreys County Nursing Home, Inc.
Supplemental Schedule
3 Months ended September 30, 2014 and 2015

	Departmental Salaries	
	2014	2015
Administrator	\$19,250	\$24,900
Administrative other	\$19,862	\$23,915
DON	\$13,972	\$14,473
Nursing Admin other	\$21,945	\$22,002
RN	\$13,090	\$19,806
LPN	\$116,557	\$124,465
Aides	\$192,950	\$205,168
Dietary Supervisor	\$8,754	\$7,776
Dietary other	\$35,698	\$42,064
Housekeeping	\$26,105	\$28,937
Laundry	\$5,407	\$9,415
Laundry Supervisor	\$7,033	\$9,837
Enviromental Svcs Director	\$12,855	\$13,306
Maintenance	\$3,430	\$0
Activities Director	\$8,630	\$10,329
Activities other	\$9,724	\$10,963
Social Service Dir	\$9,322	\$9,833
Beautician	\$3,437	\$0
All Dept ETO/Bereavement/Vac	\$42,116	\$45,423
Totals	\$570,136	\$622,613

Humphreys County Nursing Home, Inc.
Supplemental Schedule
3 Months ended September 30, 2014 and 2015

	Fixed Assets 9-2014		
	Cost	Accum Depr	Net book Value
Land	\$5,000	\$0	\$5,000
Land Improvements	\$81,052	(\$74,009)	\$7,043
Building & improvements	\$865,744	(\$701,982)	\$163,762
Departmental equipment	\$668,532	(\$522,144)	\$146,388
Copier	\$8,776	(\$8,776)	\$0
Construction in progress	\$0	\$0	\$0

	Totals	\$1,629,105	(\$1,306,911)	\$322,194
		Fixed Assets 9-2015		
	Cost	Accum Depr	Net book Value	
Land	\$5,000	\$0	\$5,000	
Land Improvements	\$81,052	(\$74,925)	\$6,127	
Building & improvements	\$888,662	(\$721,190)	\$167,473	
Departmental equipment	\$707,670	(\$582,669)	\$125,001	
Construction in progress	\$18,000	\$0	\$18,000	
Totals	\$1,700,384	(\$1,378,783)	\$321,601	

Humphreys County Nursing Home, Inc.
Balance Sheet
September 30, 2014 and 2015

Page 1

Account	Internal Humphreys CNH September-14	Internal Humphreys CNH September-15
Assets		
Cash	\$649,098	\$846,272
Investments	\$136,166	\$136,643
Accounts Receivables	\$513,331	\$566,350
Interest receivable	\$13	\$13
Prepaid Expenses	\$79,888	\$79,559
Inventory	\$0	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,624,105	\$1,677,384
Construction in progress	\$0	\$18,000
Accumulated Depreciation	(\$1,306,911)	(\$1,378,783)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,979	\$14,898
Total Assets	\$1,714,921	\$1,966,588

Humphreys County Nursing Home, Inc.
Balance Sheet
September 30, 2014 and 2015

Page 2

Account	Internal Humphreys CNH September-14	Internal Humphreys CNH September-15
Liabilities and Capital		
Accounts Payable	\$107,351	\$79,331
Accounts Payables Other	\$18,117	\$0
Notes Payable Insurance	\$59,067	\$57,576
Payroll taxes Payable	\$586	\$562
ETO Accrual	\$100,861	\$61,090
Other Accruals	\$108,044	\$106,617
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,979	\$14,898
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,209,589	\$1,572,987
Current Earnings (loss)	\$98,326	\$73,527
Total Liabilities and Capital	\$1,714,921	\$1,966,588

Humphreys County Nursing Home, Inc.
Statement of Operations
For 3 Months ended September 30, 2014 and 2015

Page 3

Account	Internal Humphreys CNH September-14	PPD	Internal Humphreys CNH September-15	PPD
Revenue				
Medicare	\$254,358	\$418.35	\$194,874	\$381.36
Skilled Medicaid	\$21,005	\$198.16	\$0	\$0.00
Private IC	\$165,763	\$171.24	\$192,893	\$210.81
Private SK	\$2,890	\$170.00	\$25,643	\$253.89
Intermediate Medicaid	\$792,104	\$183.36	\$828,733	\$191.17
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$1,843	\$0.31	\$2,056	\$0.35
Total Revenue	\$1,237,963	\$205.68	\$1,244,199	\$212.25
Expenses				
Nursing	\$442,885	\$73.58	\$492,204	\$83.97
Ancillary	\$105,534	\$17.53	\$90,480	\$15.44
Dietary	\$101,009	\$16.78	\$106,757	\$18.21
Laundry & Housekeeping	\$51,090	\$8.49	\$58,856	\$10.04
Maintenance	\$29,558	\$4.91	\$29,529	\$5.04
Utilities	\$27,694	\$4.60	\$22,347	\$3.81
Social Service & Activities	\$31,256	\$5.19	\$36,296	\$6.19
Administration	\$163,745	\$27.20	\$174,095	\$29.70
Depreciation & Amortization	\$19,435	\$3.23	\$21,038	\$3.59
Employee Costs	\$164,200	\$27.28	\$139,722	\$23.84
Rental Costs	\$3,900	\$0.65	\$1,151	\$0.20
Bad Debts(Recoveries)	(\$2,725)	(\$0.45)	(\$3,915)	(\$0.67)
Cable TV	\$2,057	\$0.34	\$2,112	\$0.36
Total Costs	\$1,139,637	\$189.45	\$1,170,673	\$200.01
Net Profit (Loss)	\$98,326	\$16.23	\$73,527	\$12.24

Humphreys County Nursing Home, Inc.
Statement of Operations
For 3 Months ended September 30, 2014 and 2015

Page 4

	Internal Humphreys CNH September-14	Census	Internal Humphreys CNH September-15
Medicare	608		511
Sk Medicaid	106		
Sk Pvt	17		101
IC Pvt	968		915
IC Medicaid	4,320		4,335
Total	6,019		5,862
Bed Days Available	6,072		6,072
Occupancy Ratio	99.13%		96.54%

**Humphreys County Nursing Home
91 Bed Replacement Facility
Check List CON October 2015**

		FTE's At 6-30-2015	FTE's Projected	6 Mo Hrs 6/30/2015	Calculated FTE's	Total Wages	2015 Average Hrly Rate	2 Aver F
Administrator	Staff	1.00	1.00	1,040	1.00	\$44,720.00	\$43.00	
Other Administrative	Staff	2.45	3.00	2,549	2.45	\$48,641.09	\$19.08	
Dietary	Staff	8.70	10.50	9,048	8.70	\$96,362.80	\$10.65	
Housekeeping	Staff	5.77	6.25	5,999	5.77	\$57,729.08	\$9.62	
Laundry	Staff	4.21	5.00	4,376	4.21	\$43,532.45	\$9.95	
Plant	Staff	1.22	1.75	1,264	1.22	\$26,032.93	\$20.59	
DON & Staff	Staff	2.97	3.50	3,093	2.97	\$80,359.12	\$25.98	
RN's	Staff	1.29	2.00	1,343	1.29	\$39,342.92	\$29.29	
LPN's	Staff	13.63	15.00	14,177	13.63	\$263,436.64	\$18.58	
Aides	Staff	34.45	42.00	35,830	34.45	\$396,611.60	\$11.07	
PT	Contract							
OT	Contract							
ST	Contract							
Activities	Staff	3.00	4.00	3,123	3.00	\$40,007.03	\$12.81	
Social Services	Staff	1.04	1.50	1,086	1.04	\$19,542.19	\$17.99	

**ATTACHMENT ORDERLY
DEVELOPMENT 7. (B) 1.**

COPY OF LICENSE

Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000135

No. Beds 0066

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

THE HUMPHREYS COUNTY NURSING HOME to conduct

and maintain a Nursing Home HUMPHREYS COUNTY NURSING HOME

Located at 670 HIGHWAY 13 SOUTH, WAVERLY

County of HUMPHREYS, Tennessee.

This license shall expire SEPTEMBER 28, 2016 and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State

this 30TH day of JULY, 2015.



By Vincent J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By J. A. J. Davis, no

COMMISSIONER

**ATTACHMENT ORDERLY
DEVELOPMENT 7. (B) 2.**

**COPY OF LAST INSPECTION,
CORRECTIVE ACTION PLAN, AND
CLEARANCE LETTER**



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 C Highway 45 Bypass
Jackson, Tennessee 38305
Telephone: (731) 984-9684
Fax: (731) 512-0063

November 18, 2014

Mr. Sam W. Sullivan, Administrator
Humphreys County Nursing Home
670 Highway 13 South
Waverly, TN 37185

**RE: COMPLIANCE NOTICE
CCN 445489**

Dear Mr. Sullivan:

The West Tennessee Regional Office of Health Care Facilities completed a recertification survey at your facility November 04, 2014.

Based on a review of your plan of correction for deficiencies, we are accepting your plan of correction and assume your facility is in compliance with all participation requirements as of 11/18/2014. This office is recommending recertification in the Medicare and/or Medicaid program.

If you have any questions or comments, please feel free to contact this office.

Sincerely,

Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975-C Highway 45 Bypass
Jackson, Tennessee 38305
Phone: (731) 984-9684
Fax: (731) 512-0063

FED EX #: 8731-1992-5670

IMPORTANT NOTICE – PLEASE READ CAREFULLY
(Receipt of this notice presumed to be 11/06/2014 – date emailed to facility.)

November 06, 2014

Mr. Sam W. Sullivan, Administrator
Humphreys County Nursing Home
670 Highway 13 South
Waverly, TN 37185

RE: Recertification Survey
CMS Certification # (CCN) 445489

Dear Mr. Sullivan:

A recertification survey was conducted at your facility by the West Tennessee Regional Office of Health Care Facilities on **November 3-4, 2014**, to determine if your facility was in compliance with Federal participation requirements for Nursing Homes participating in the Medicare and/or Medicaid Programs. The health portion of the survey found that your facility was **not in substantial compliance with the participation requirements.**

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

PLAN OF CORRECTION (POC)

A POC for the deficiencies must be submitted by **November 16, 2014**. Failure to submit an acceptable POC by **November 16, 2014**, may result in the imposition of remedies by **December 04, 2014**. The Plan of Correction (POC) must be signed, dated and returned to this office. You may email or fax the POC to meet your deadline; but the faxed/e-mailed

copy will be held until the original is received by mail. A plan of correction must be submitted on the right side of the **CMS Form 2567**, dated and signed before it is considered "acceptable". It cannot be an attachment. Whenever possible, please contain your plan of correction response to Form 2567 furnished to you. In the event you need additional space, you may continue your response on your letterhead or plain stationery with the name of your facility, address and other identifying information.

The POC must respond to the following:

- What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;
- How will you identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

If you do not achieve substantial compliance by **December 04, 2014**, this office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the state Medicaid agency that enforcement remedies be imposed:

CIVIL MONEY PENALTY OF \$50 TO \$3000 PER DAY, EFFECTIVE THE LAST DAY OF SURVEY

All references to regulatory requirements contained in this letter are found in the Title 42, Code of Federal Regulations.

MANDATORY REMEDIES:

If substantial compliance is not achieved within three (3) months after the last day of the survey (**February 04, 2015**) identifying noncompliance, the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions. This office will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **May 04, 2015**, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination, or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

INFORMAL DISPUTE RESOLUTION (IDR):

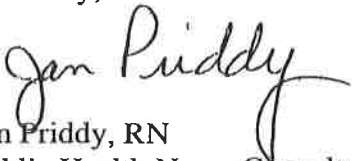
In accordance with 488.331, you have one opportunity to question cited deficiencies. The facility must submit this written request within ten (10) days after the date that the facility receives the statement of deficiencies.

Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567 form; a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) supporting the facility's position disputing the deficiencies; and a plan of corrective action.

Should the facility request a face-to-face IDR, then the facility shall submit the following additional information: a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or immediate jeopardy deficiencies); and proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited immediate jeopardy or substandard deficiencies. If the facility is requesting a desk review in addition to a face-to-face IDR, the facility must submit two separate requests with their plan of correction to the West Tennessee Regional Office of Health Care Facilities at the address on this letter or by fax at (731) 512-0063. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions concerning the instructions contained in this letter, please contact me at the number provided in this letter.

Sincerely,



Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm



Enclosure: CMS Form 2567

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/06/2014
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441 SS=E	<p>483.65 INFECTION CONTROL, PREVENT SPREAD, LINENS</p> <p>The facility must establish and maintain an Infection Control Program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of disease and infection.</p> <p>(a) Infection Control Program The facility must establish an Infection Control Program under which it - (1) Investigates, controls, and prevents infections in the facility; (2) Decides what procedures, such as isolation, should be applied to an individual resident; and (3) Maintains a record of incidents and corrective actions related to infections.</p> <p>(b) Preventing Spread of Infection (1) When the Infection Control Program determines that a resident needs isolation to prevent the spread of infection, the facility must isolate the resident. (2) The facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease. (3) The facility must require staff to wash their hands after each direct resident contact for which hand washing is indicated by accepted professional practice.</p> <p>(c) Linens Personnel must handle, store, process and transport linens so as to prevent the spread of infection.</p>	F 441	<p>F441 1) On 11/10/14 the Director of Nursing (DON) reviewed McGeer criteria, RAI manual Section I: Active Diagnosis: Urinary Tract Infections, CDC: UTIs protocol, and definition of Empiric Treatment with Nursing management staff. The DON reviewed the Surveillance policy with Infection Control Nurse on 11/10/14. A mandatory in-service will be held on 11/18/2014 for all RN and LPN staff to review all of the above and any RN or LPN not attending mandatory in-service will not be allowed to work until they have completed in-service. The Medical Director issued a standing order, Urinalysis with Culture and Sensitivity will not be obtained routinely for confusion unless a resident has at least one symptom of UTI present (difficult or painful urination, flank/back pain, fever, or vomiting). This will be reviewed with staff on 11/18/2014. See Attachment.</p> <p>2) On 11/11/14 the Infection Control Nurse & Medical Director reviewed all UTIs</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/06/2014
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	<p>Continued From page 1</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on review of the facility's list of nosocomial infections and interview, it was determined the facility failed to implement interventions to address the tracking and trending urinary tract infection (UTI) results for 4 of 4 (July, August, September and October 2014) months reviewed.</p> <p>The findings included:</p> <ol style="list-style-type: none"> 1. Review of the facility's list of nosocomial infections dated July, 2014 documented 3 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 2 residents on the west hall with UTIs. Total UTIs for July 2014 was 6. 2. Review of the facility's list of nosocomial infections dated August, 2014 documented 8 residents on the east hall with UTIs, 4 residents on the center hall with a UTI and 1 resident on the west hall with a UTI. Total UTIs for August 2014 was 13. 3. Review of the facility's list of nosocomial infections dated September, 2014 documented 2 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 3 residents on the West hall with UTIs. Total UTIs for September 2014 was 6. 4. Review of the facility's list of nosocomial infections dated October, 2014 documented 2 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 4 residents on the west hall with UTIs. Total UTIs for October 2014 was 7. 	F 441	<p>since July 2014 for appropriate medical treatment. All pathogens were reviewed for trending and cross contamination. None were identified. Escherichia coli was the prevailing organism. Staff has been observed by DON and Infection Control Nurse on the following days 11/7/14, 11/10/14 & 11/11/14 while doing pericare and foley catheter care with no variance noted. Total of 20 residents observed 14 were over age 85 and 19 residents were female and 1 was male.</p> <p>3) On 11/10/14 DON will ensure the facility's policy for surveillance is followed when reviewing UTIs. On 11/10/14 DON will begin using the following monitoring tools: Urinary Tract Infections Quality Improvement Tool on a quarterly basis for 6 months, then annually. If a female resident is identified with atrophy vaginitis which contributes to E. Coli colonization in post-menopausal females topical</p>		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	<p>1200-8-6-.14(2)(a)5.(ii) Disaster Preparedness</p> <p>(2) Physical Facility and Community Emergency Plans.</p> <p>(a) Physical Facility (Internal Situations).</p> <p>5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years.</p> <p>(ii) External disaster procedures plan (for tornado, flood, earthquake), to be exercised prior to March, shall include:</p> <p>(I) Staff duties by department and job assignment; and,</p> <p>(II) Evacuation procedures.</p> <p>This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual tornado, flood, and earthquake drills.</p> <p>The findings included:</p> <p>During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct an annual tornado, flood and earthquake drill for any shift.</p> <p>This finding was verified by the maintenance supervisor and acknowledged by the</p>	N1410	<p>N1410 1) On 11/12/14 at 2 pm the Maintenance Director</p> <p>N1411 conducted a bomb threat drill with the front office staff. On 11/7/14 Administrator reviewed expectations of annual drills with Maintenance Director. See attachment.</p> <p>2) Beginning 11/10/14 Maintenance Director will schedule annual bomb threat drill during the month of June each year.</p> <p>3) Maintenance Director will use the Bomb threat form to record drill and will report outcomes at each QAPI committee meeting.</p> <p>4) Beginning 11/10/14, the Administrator will report the outcomes of each drill to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/2014. At the next meeting the Administrator will report to the Governing Body concerning outcomes of each</p>	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X8) DATE

STATE FORM

6899

YK8C21

If continuation sheet 1 of 3

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING: _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	Continued From page 1 administrator during the exit conference on 11/3/14.	N1410	drill and how well staff members responded. This will be ongoing during the month of occurrence.	
N1411	1200-8-6-.14(2)(a)5.(iii) Disaster Preparedness (2) Physical Facility and Community Emergency Plans. (a) Physical Facility (Internal Situations). 5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years. (iii) Bomb Threat Procedures Plan, to be exercised at any time during the year: (I) Staff duties by department and job assignment; and, (II) Search team, searching the premises. This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual bomb threat drills. The findings included: During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct annual	N1411		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/06/2014
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	<p>Continued From page 2</p> <p>5. There was 1 resident on the east hall with a recurring UTI in 4 of the 4 months reviewed and 2 residents with a recurring UTI in 2 of the 4 months reviewed. There were 2 residents on the center hall with a recurring UTI in 2 of the 4 months reviewed. There was 1 resident on the west hall with a recurring UTI in 3 of the 4 months reviewed and 1 resident with a recurring UTI in the same month.</p> <p>6. During an interview in the Director of Nursing (DON's) office on 11/4/14 at 3:30 PM, the Infection Control Coordinator was asked about the list of residents with infections and how she tracks and trends the infections. The Infection Control Coordinator stated, "We do not call them a UTI unless they meet CDC [Center for Disease Control] guidelines. They have to have 3 of the symptoms like flank pain, nausea and vomiting, fever. If they have a catheter they have to have 2 of the symptoms to be called a UTI. I put them on the sheet so I can track them. I mark that they do not meet CDC guidelines on there. If I put a star on it then that alerts me that they have met the guidelines and do have a UTI." The Infection Control Coordinator was asked how she tracks and trends the infections in each hall of the building to know if the residents are in close proximity or being cared for by the same staff member. The Infection Control Coordinator stated, "I know their room numbers even though I don't put them [room numbers] on there [list]. I used to use the map and color code it but I don't use that anymore since we started using this one [list]."</p> <p>During an interview in the DON's office on 11/4/14 at 3:50 PM, the DON was asked what was done</p>	F 441	<p>Estrogen to labia will be considered. See Attachment.</p> <p>4) Beginning 11/10/14, the DON will report the outcomes of the monitoring of UTIs to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/14. The Administrator will report to the Governing Body concerning monitoring outcomes on a quarterly basis beginning next quarterly meeting. This will be ongoing.</p> <p>1) On 11/10/14 at 2pm the Maintenance Director called a tornado drill with evacuation of some residents. On 11/11/14 at 3pm the Maintenance Director conducted a flood & earthquake drill with facility staff. On 11/7/14 Administrator reviewed expectations of annual drills with Maintenance Director. See attachment.</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/04/2014
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	Continued From page 3 to decrease infections when the UTI's specifically pathogen Escherichia Coli (E-Coli) were identified in specific areas or halls in the facility. We have done some education, but I see what you are talking about. We in-serviced in September [2014] and October [2014] on handwashing and flu and pneumonia. We have to do more in QA PI [Quality Assurance and Process Improvement] and have a plan to decrease the pathogens. We can make that... increasing staff education on pericare and catheters with return demonstration, and reducing the amount of urine we collect a PI project." The facility failed to implement interventions to address tracking and trending of monthly infection results.	F 441	2) Beginning 11/10/14 Maintenance Director will schedule annual drills- tornado, flood & bomb- during the months of March & April each year. 3) Maintenance Director will use the disaster drill form to record all types of drills and will report outcomes at each QAPI committee meeting. 4) Beginning 11/10/14, the Administrator will report the outcomes of each drill to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/2014. The Administrator will report to the Governing Body concerning outcomes of each drill and how well staff members responded beginning next quarterly meeting. This will be ongoing during the month of occurrence.		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

**670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1411	Continued From page 2 bomb threat drills on any shift. This finding was verified by the maintenance supervisor and acknowledged by the administrator during the exit conference on 11/3/14.	N1411		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING: _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

**670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185**

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N1410	<p>1200-8-6-.14(2)(a)5.(ii) Disaster Preparedness</p> <p>(2) Physical Facility and Community Emergency Plans.</p> <p>(a) Physical Facility (Internal Situations).</p> <p>5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years.</p> <p>(ii) External disaster procedures plan (for tornado, flood, earthquake), to be exercised prior to March, shall include:</p> <p>(I) Staff duties by department and job assignment; and,</p> <p>(II) Evacuation procedures.</p> <p>This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual tornado, flood, and earthquake drills.</p> <p>The findings included:</p> <p>During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct an annual tornado, flood and earthquake drill for any shift.</p> <p>This finding was verified by the maintenance supervisor and acknowledged by the</p>	N1410		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

ADMINISTRATOR

(X6) DATE

11/12/2014

STATE FORM

6899

YK8C21

If continuation sheet 1 of 3

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	Continued From page 1 administrator during the exit conference on 11/3/14.	N1410		
N1411	1200-8-6-.14(2)(a)5.(iii) Disaster Preparedness (2) Physical Facility and Community Emergency Plans. (a) Physical Facility (Internal Situations). 5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years. (iii) Bomb Threat Procedures Plan, to be exercised at any time during the year: (I) Staff duties by department and job assignment; and, (II) Search team, searching the premises. This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual bomb threat drills. The findings included: During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct annual	N1411		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

**670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1411	Continued From page 2 bomb threat drills on any shift. This finding was verified by the maintenance supervisor and acknowledged by the administrator during the exit conference on 11/3/14.	N1411		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2014
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 11/03/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K9999	FINAL OBSERVATIONS During the recertification survey completed on 11/3/14, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101, Life Safety Code, 2000 edition, Chapter 19, existing Health Care Occupancies.	K9999			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Don (B) Sullivan

ADMINISTRATOR

11/12/2014

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

COPY OF LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the News-Democrat which is a newspaper
(Name of Newspaper)
of general circulation in Humphreys, Tennessee, on or before November 6, 2015,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Humphreys County Nursing Home Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: Humphreys County with an ownership type of Governmental and
to be managed by: Key Management Associates, LLC intends to file an application for a Certificate of
Need: For change of site /relocation of the current Nursing Home located at 670 Hwy 13 South, Waverly Tennessee to an undeveloped property located on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive, Waverly (Humphreys County), Tennessee, a distance of approximately 2 miles North from the current location of Humphreys County Nursing Home. This application seeks to relocate, replace and add 25 beds from the Nursing Home Bed Pool Stats which will increase the bed size of Nursing Home to 91beds. The current building has physical limits, due to an aging 50 year old building - Rooms are too small, no private bathrooms, no space for therapy services, activities, office space, and dining space. The new building will improve resident environment and amenities that embrace a modified Greenhouse concept. The new site contains 15.4 acres up from our acreage on the current site of 5.4 acres. An address has not been assigned to the proposed building due to rezoning and additional site work to be done. The new facility will be dually certified for Medicare and Medicaid participation. The estimated project cost is projected to be \$14,500,000.

The anticipated date of filing the application is: November 10, 2015

The contact person for this project is Bill Sullivan, Administrator
(Contact Name) (Title)

who may be reached at: Humphreys County Nursing Home Hwy 13, South

Waverly TN 37185 931-296-2533
(City) (State) (Zip Code) (Area Code / Phone Number)
11-6-2015 samwsullivan@comcast.net
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

SIGNED AFFIDAVIT



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

December 1, 2015

Bill Sullivan
Humphreys County Nursing Home
Highway 13 South
Waverly, TN 37185

RE: Certificate of Need Application -- Humphreys County Nursing Home - CN1511-049

The relocation of Humphreys County Nursing Home, a 66 bed dually certified non-profit nursing home, from its current location on a 5.4 acre site at 670 Highway 13 South in Waverly (Humphreys County) approximately 2 miles to an unaddressed 15.4 acre site located on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive in Waverly, TN. As part of the project, the applicant seeks approval to increase its licensed bed complement from 66 to 91 total beds in a new one-story 59,000 gross square foot facility with 71 private and 10 semi-private rooms focusing on improvements that incorporate a modified Green House Concept. The estimated project cost is \$14,875,239.

Dear Mr. Sullivan:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 24, 2016.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Melanie M. Hill" followed by a stylized monogram "MH".

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill *MMH/MW*
Executive Director

DATE: December 1, 2015

RE: Certificate of Need Application
Humphreys County Nursing Home - CN1511-049

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on December 1, 2015 and end on February 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Bill Sullivan



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the News-Democrat which is a newspaper
(Name of Newspaper)
of general circulation in Humphreys, Tennessee, on or before November 6, 2015
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Humphreys County Nursing Home Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: Humphreys County with an ownership type of Governmental and
to be managed by: Key Management Associates, LLC intends to file an application for a Certificate of
Need: For change of site /relocation of the current Nursing Home located at 670 Hwy 13 South, Waverly Tennessee to an undeveloped property located on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive, Waverly (Humphreys County), Tennessee, a distance of approximately 2 miles North from the current location of Humphreys County Nursing Home. This application seeks to relocate, replace and add 25 beds from the Nursing Home Bed Pool Stats which will increase the bed size of Nursing Home to 91 beds. The current building has physical limits, due to an aging 50 year old building - Rooms are too small, no private bathrooms, no space for therapy services, activities, office space, and dining space. The new building will improve resident environment and amenities that embrace a modified Greenhouse concept. The new site contains 15.4 acres up from our acreage on the current site of 5.4 acres. An address has not been assigned to the proposed building due to rezoning and additional site work to be done. The new facility will be dually certified for Medicare and Medicaid participation. The estimated project cost is projected to be \$14,500,000.

The anticipated date of filing the application is: November 10, 2015

The contact person for this project is Bill Sullivan, Administrator
(Contact Name) (Title)

who may be reached at: Humphreys County Nursing Home Hwy 13, South

Waverly TN 37185 931-296-2533
(City) (State) (Zip Code) (Area Code / Phone Number)
11-6-2015 samwsullivan@comcast.net
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1 -COPY-

Humphrey's County
Nursing Home

CN1511-049

Humphreys County Nursing Home, Inc.

670 Highway 13 South
P.O. Box 476
Waverly, Tennessee 37185
Phone (931) 296-2532
Fax (931) 296-0829

SUPPLEMENTAL #1

November 20, 2015

9:45 am

November 20, 2015

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street – 9th Floor
Nashville, Tennessee 37243

ATTN: Jeff Grimm
Health Services Examiner

RE: Certificate of Need Application CN1511-049
Humphreys County Nursing Home

Dear Mr. Grimm:

Please find enclosed, in triplicate, the Supplemental Information requested in connection with Humphreys County Nursing Home Certificate of Need Application submitted November 10, 2015.

Thank you in advance for your assistance. If you should have any questions, please contact me at 931-296-2532.

Sincerely,



Sam (Bill) Sullivan
Administrator

Enclosure

HUMPHREYS COUNTY NURSING HOME

SUPPLEMENTAL INFORMATION

CERTIFICATE OF NEED
APPLICATION CN1511-049
NOVEMBER 10, 2015

1. Section A, Applicant Profile, Item 5 (Management Entity)

The response with additional remarks provided on page 5 is noted. Review of the attached Management Agreement between the applicant and Key Management Associates, LLC effective February 1, 2015 revealed the management, consulting and advisory responsibilities of the manager. However, the scope, amount, and frequency of payment of the management fee are unclear. Is the manager paid a fixed amount on a periodic basis, on the basis of a percentage of net operating income, net collections, or other method? Please clarify.

As additional background information, please also identify other nursing homes managed by Key Management Associates in TN with respect to names, addresses, # beds, current license status and initial effective date of management contract.

Response:

The Key Management agreement with Humphreys County Nursing Home is a fixed amount on a monthly payment basis: \$8,300.00 per month.

Currently Humphreys County Nursing Home is the only Management Contract for Key Management Associates but have ten (10) consulting agreements with the following facilities:

Overton County Nursing Home, Livingston, TN, 125 beds, agreement effective 11-29-2012
Bledsoe Nursing Home, Pikeville TN, 50 beds, agreement effective 8-28-2014
Quality Health and Rehab Center, Lebanon TN, 280 beds, agreement effective 2-6-2012
Blakeford at Green Hills, Nashville, TN, 83 beds, agreement effective 08-24-2007
McKendree Village Health Center, Hermitage, TN, 150 beds, agreement effective 1-8-2015
Mabry Health & Rehab Center, Gainesboro, TN, 50 beds, agreement effective 11-5-2014
Laurelbrook Nursing Home, Dayton TN, 50 beds, agreement effective 5-26-2012
Wilson County Eye Surgery Center, Lebanon, TN, ASTC, agreement effective 2-4-2008
Memphis Eye & Cataract Ambulatory Surgery Center, Memphis Tennessee, ASTC, agreement effective 5-28-2008
Premier Pain Management Center, Nashville Tennessee, ASTC, agreement effective 6-4-2007

2. Section A, Applicant Profile, Item 6 (Legal Interest in the Site)

The Lot/Land Purchase and Sale Agreement for the 15.4 acre site planned for the construction of the applicant's proposed relocated/replacement nursing home with 91 beds is noted. It appears the agreement has not been fully executed based on the absence of signatures of the buyer/applicant's offer and acceptance by the seller. Please provide a fully executed copy of the agreement that will be valid on the date of the Health Services and Development Agency's hearing of the application.

How the property is currently zoned? Is it in a flood plain? Please discuss.

Response:

The property is zoned as MPO and it is not in a flood plain. A fully executed copy of the Option for Purchase agreement, dated 12/19/2015, will be provided before the hearing date of the Health Services and Development Agency's hearing of the application.

The sellers Larry Rawlings & Janet Rawlings are the owners of the property that Humphreys County Nursing Home has an option to purchase. **Attached #1 document: Signed option to purchase property.**

Listed in Item 6 of the agreement are several contingencies that may impact the applicant's acquisition of the property, including rezoning to a CS or MPO classification, and the completion of a satisfactory feasibility study and issuance of a building permit within 120 days after the binding agreement date (once clarified as requested in the preceding question). Since Certificate of Need approvals are site specific in accordance with Agency Statute, what information can be provided at present that the property will be suitable for the construction of the proposed new 91 bed nursing home?

Response:

The feasibility study is scheduled to be completed on December 16, 2015. Field survey work completed Friday 11/6/15 and Survey plans completed Friday 11/13/15. The Property is suitable for construction just waiting on finalizing the amount of site preparation. Preliminary Site grading plan began Monday 11/16/15 to establish building location and floor elevation. This is scheduled to be completed on 11/30/15. Geotechnical field work to begin 11/30/15 and preliminary report completed 12/16/15.

Property closing is scheduled for 12/19/15.

The most immediate contingency appears to be the rezoning – please describe the process being followed to obtain the required approvals on or before 12/19/15 that must be provided in order for the agreement to go forward.

Response:

The rezoning of the 15.4 acres located on Fort Hill Road and Hillwood Drive began September 24, 2015 and was completed as MPO classification effective at the City Commission meeting on November 9, 2015. **Attachment #2 Letter from Mayor summarizing the rezoning approval.**

Please document the seller's ownership of the property in the form of a warranty deed or title

Response:

Copy attached of warranty deed of the 15.4 acres on Fort Hill Road and Hillwood Drive. **Attachment #3 Section A, Applicant Profile, Item 6 (Legal Interest in the Site). Warranty Deed.**

3. Section B, Project Description, Item II.A. and Item II.B.

Item II.A - The Square Footage Chart appears to be missing the amounts for the Final Cost/SF column at the far right of the chart under the column labeled "New". Please revise and resubmit the chart.

Response:

The Square Footage Chart was revised and is attached as **Attachment #4 Section B. Project Description. Item II.A Square Footage Chart.**

The comments on page 6 indicate that the proposed facility will have 71 private and 20 semi-private rooms in lieu of 71 private and 10 semi-private rooms noted elsewhere in the application. Please revise the page and submit a replacement page labeled page 6-R of 35.

Response:

Page 6 was revised and is attached. **Attachment #5 Replacement page labeled Page 6-R of 35.**

It appears the proposed relocated/replacement 91 bed facility with 71 private patient rooms is approximately 230% larger than the applicant's existing 66 bed facility. Why did the applicant decide not to design an all private room facility?

Response:

The applicant decided not to design an all private room facility due to cost and the need for available rooms for couples/families. The difference between private and semi-private rooms was approximately \$500,000. Many times there are requests for husband and wife or family members to room together.

While it is understood the proposed facility will have 25 additional beds, primarily private rooms and other larger clinical, administrative and patient/public common areas, please clarify the rationale for only a 28% increase in the size of patient dining areas.

Response:

Patient dining areas are located in more than one area of the proposed nursing home. The main dining area will have 1,110 sq./ft. with (4) smaller dining areas located on certain nursing unit neighborhoods. The Memory Care Unit activities area will serve as a dining area if needed. The actual dining space available in the proposed project will be 2,276 sq. ft. or a 66% increase in patient dining areas.

Please describe the design features for nursing stations of the new facility, including, at a minimum, number & location of stations, approximate size in square feet, line of site to patient room considerations, etc.

Response:

In designing the proposed nursing stations, they were designed with patient focus and responsive care in mind. The traditional nursing stations were replaced with four separate nursing stations and designed with an open area concept which would have no barriers to the patient, such as walls or desks. Three of the four nursing stations will be 100 sq. ft. with the fourth nursing station having 115 sq. ft. for a total of 415 sq. ft. This will replace the one centralized nursing station currently in the 66 bed facility. The open nursing station will enable staff to work closer to their assigned neighborhood. Units A, B and E will have their own nursing station with each being 100 sq. ft. and units C and D will have a centrally located nursing station located between each unit with it totaling 115 sq. ft. The Memory Care Unit is designed without a nursing station, and will have portable charting stations to allow staff to observe patients while charting in the Living/Music room, Quiet room, Activity room and hallway. All units will have portable tablets and each nursing station will have an open concept for staff to be able to observe patients.

Item II.B – In addition to the table provided on page 7, please also add columns that identify the approximate size per patient bed in square feet.

Response:

Table 1

Bed Distribution

	Beds in Private Rooms	Beds in Semi-Private Rooms	Patient Bed in Square feet
Current	2	64	103
Proposed	71	20	275 Private 345 Semi-private

4. Section B, Project Description, Item IV (Floor Plan)

The floor plan is too illegible to read the labels intended for locations of the nursing stations, dining area(s), rehab area, etc. Please revise and submit a larger, more legible floor plan for the proposed facility.

Response:

Floor Plan revised and a larger, more legible floor plan for the proposed facility is attached. **Attachment #6 Section B, Project Description, Item IV (Floor Plan)**

5. Section C, Need, Item 1Nursing Home Services

Item 3- the table following Table 2 on page 15 is labeled as Table 6. If in error, please revise and submit as a replacement page labeled page 15-R of 35.

Response:

Item 3 – Table 6 has been corrected and page 15 revised. **Attachment #7 Replacement page labeled Page 15-R of 35.**

Item 4: Please identify the percentage of the nursing home's total admissions of Humphreys County residents in 2014 and 2015 year to date.

Response:

Item 4 – The percentage of Humphreys County Nursing Home's total admission for year 2014 & 2015:

Admissions by County	2014	%	2015	%
Humphreys County	41	91%	32	87%
Dickson County	3	7%	0	0
Houston County	1	2%	2	5%
Benton County	0	0	2	5%
State of Florida	0	0	1	3%

Item5.b: Given Waverly Health Care's average occupancy of approximately 78% from 2011-2014 and the Department of Health's estimate of a need for 4 additional beds in 2018, the first year of the applicant's project, it seems that there would be a strong correlation between need for more beds and high occupancy rates of existing nursing homes indicating that supply is insufficient to meet demand. Please briefly summarize why the request to add 25 additional beds should be favorably considered in lieu of the 4 bed need estimate.

Response:

Item 5.b – The request for the additional 25 beds should be favorably considered in lieu of the 4 bed need estimate because the nursing home should have an opportunity to provide other seniors of the county outstanding quality of care and services and be a financially viable facility. Following are other reasons for a favorable consideration:

- Occupancy rate has been consistently high for over 5 years.
- Turned away on the average 1-2 admissions per week during 2015 due to no available beds.
- Consistent scores of 100% on the quarterly Resident and Family Satisfaction Survey in the areas of nursing care provided, food services, and therapy services.
- Humphreys County Nursing Home is the Community's choice for long term care which is related to the quality of services provided, resident having choices about their care & meals. Physicians who practice in the County choose Humphreys County Nursing Home for their family members instead of other nursing homes that have private rooms with baths.
- Maintains a low turnover rate of clinical staff (30%) allowing for consistent caregiver assignments for residents.

6. Section C, Need, Item 3 (Service Area)

Your response to this item is noted. Please also provide a map of the county showing the location of the applicant's existing and proposed facility, the hospital, Waverly Health Care and other incorporated cities in the county.

Response:

A map of the county showing the location of the applicant's existing and proposed facility, the hospital, Waverly Health Care and other incorporated cities is attached. **Attachment #8 Section C, Need, Item 3 (Service Area)**

Please also identify the mileage and 1-way driving times from the applicant's proposed facility to Waverly Heath Care and 3-Rivers Hospital.

Response:

The mileage and driving time from the applicant's proposed facility:

- Three Rivers Hospital – 15 seconds or .1 of a mile
- Waverly Health Care – 6 minutes or 2.2 miles

7. Section C, Need, Item 5.

If possible, it would be helpful to have a better appreciation of Waverly Health Center's Level 1 and Level 2 utilization in a format similar to the applicant's utilization provided in Table 7 on page 22 of the application.

Response:**Waverly Health Care****Historical Utilization**

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2011	100	100	12.9	61	0	7.4	.6	81.8	81.8%
2012	100	100	18.3	54.4	0	0	7.9	80.6	80.6%
2013	100	100	12.2	53.9	0	0	4.3	70.4	70.39%

Other than Waverly Health Center, it appears that nearby 25-bed Three Rivers Hospital has been a Critical Access Hospital since December 2000 and can operate swing beds and admit patients requiring skilled nursing services similar to the applicant. If possible, please include metrics for the utilization of these patients similar to the data provided for the 2 nursing homes in the response.

Response:**Three Rivers Hospital –Swing Beds****Historical Utilization**

Year	Licensed Swing Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	SNF All other Payors ADC	Total Skilled Patient Days	Total ADC	Licensed Occupancy %
2011	25	25	3.48	0	.27	1368	3.7	15%
2012	25	25	2.3	0	.21	925	2.5	10%
2013	25	25	1.84	0	.31	785	2.2	9%

8. Section C, Need, Item 6.

Your response to this item is noted. Using the template provided for Table 7 – Part 1 on page 22, please also provide a table for only the proposed additional 25 beds that are available from the 2015-2016 Nursing Home Bed pool.

Response:**Table – Proposed Additional 25 bed Utilization**

Year	Proposed Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
Projected Year 1	25	25	12	0	1	3	3	84.00	92.3%
Projected Year 2	25	25	14	1	1	3	5	89.00	97.8%

As noted in other parts of the application, no beds were available for 88 patients referred to the applicant facility in 2015. Of these, 55 individuals required skilled care services. Based on these volumes, are the projections for skilled care ADC shown for Year 1 (30 patients/day) and Year 2 (32 patients/day) understated or lower than could be expected based on the information provided in the application? Please clarify.

Response:

We may expect the number of skilled patients to be higher than the projections but we chose to be conservative in the revenue and expense projections since the nursing home industry can fluctuate from time to time.

9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

The chart is noted. Given the availability of financing the project from a commercial loan, please clarify why financing costs and fees in Section C were omitted from the chart.

Response:

Financing costs and fees have been added to the Project Cost Chart. Attachment #9 Section C, Economic Feasibility, Item 1 (Project Cost Chart) Revise page 24 to Page 24 R of 35.

The purchase price of the 15.4 acre site is identified as \$75,000 in the unsigned Purchase Agreement included in the attachments in lieu of the \$86,000 shown in Section A, Line 3 of the chart. Please clarify.

Response:

The budgeted price for the land was \$86,000 and the land was negotiated down to \$75,000 but the budgeted price was left to cover any cost that may occur during closing. We changed the land cost in the Project Cost Chart as shown in the attachment in above question.

10. Section C, Economic Feasibility, Item 2 (Funding)

The response with commercial loan offers from Capitol One Bank and First Tennessee Bank is noted. While the loan amounts are similar, the loan amounts indicated (\$11,509,000 and \$10,000,000) appear to fall short of the \$14.5 million needed to cover the total costs of the project. In addition, the amortization terms of the lenders differ since it appears that the Capitol One term is 40 years while the First Tennessee term is 20 years. Please clarify.

Response:

The Capital One Bank with HUD funding was intended to be the first loan for the project with the Bank loan as the supplement loan to cover additional costs of the project. We are also submitting an application for a grant to the Meriwether Lewis Electric Cooperative for \$1,000,000.00 for an additional supplemental loan that would be interest free to cover the project cost. Attachment #10 Letter from Bank stating a \$3,000,000 loan for the project.

In your response, please provide amortization schedules for each lender showing the annual loan repayment amounts that would apply to this project.

Response:

Attached is the amortization schedules for each lender that shows the annual loan repayment amounts.
Attachment #11 Section C, Economic Feasibility, Item. 2 (Funding)

11. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

Review and comparison of the net operating revenue identified in Schedule H of the most recent, final Joint Annual Report (JAR) maintained by the Department of Health (2013 JAR) revealed no differences from the \$4,134,357 net operating revenue and \$4,435,687 total operating expenses identified in the Historical Data Chart. Using these amounts, the net operating income amounts to a - \$301,330 loss in 2013. However, review of the audited financial statements in the application revealed what appears to be a \$61,568 favorable net operating income in 2013. Please clarify what accounts for the difference in net operating income between the sources.

Response:

The financial statements for 6-30-2013 included in the 2013 JAR match. Those statements reflected the \$301,330 loss in 2013. The 2012 statements reflected a profit of \$61,568. We also have statements for 2014 and 2015. There were no audited financials for 2013.

For the 2014 reporting period, it appears that the \$34,287 provision for bad debt amount is not deducted from gross operating revenue. For the 2015 period, it appears that the \$218,033 contractual amount is not deducted from gross operating revenue. Please explain why these amounts are not being treated as deductions from gross operating revenue such that net operating revenue is lower than gross operating revenue for the periods indicated. If needed, please revise the chart and resubmit labeled as page 26-R of 35.

Response:

In 2014 the bad debt amount was actually a recovery of bad debts and reduced the contractual allowance for that year. In 2015 our contractual allowance was actually an increase to the gross charges due to higher payments from Medicare and Medicaid than shown in our billed charges. This is now fairly common in nursing homes since the addition of extra payments by Medicaid and the higher payment levels by Medicare. Contractual adjustments are the difference between the billed charges for services and the amounts paid whether from Medicare, Medicaid or commercial insurance. Sometimes that amount is added to the gross charges not subtracted.

What is included in Line D.6 - annual rent expense?

Response:

The rent is departmental equipment rentals.

As documented in the application, the nursing home has a management services agreement with Key Management Associates effective 02/01/2015. However, no amounts are identified for the manager's fees in Line 8.b – Fees to Non-Affiliates. Please clarify.

Response:

The Historical Data chart has been revised in Line 8.b – Fees to Non-Affiliates. **Attachment #12 Section C, Economic Feasibility, Item 4(Historical Data Chart)**

Please provide a breakout of Line D.9 – Other Expenses using the template provided in Exhibit 1 at the end of this letter.

Response:

Other expenses have been broken out of Line D.9 using Supplied chart. **Attachment #13 Exhibit 1 – Other Expenses Breakdown.**

12. Section C, Economic Feasibility, Item 4 - Projected Data Chart

Please explain why the amounts for contractual adjustments and provision for bad debt are not being deducted from gross operating revenue such that net operating revenue is lower than gross operating revenue for the periods indicated.

Response:

In the Projected Data Chart the contractual adjustments are increasing the revenue instead of reducing it because of the current payment levels by Medicare, Medicaid and Commercial Insurance. The gross charges for room and board at an established rate plus charges for all ancillary services provided are generally lower than the payments received. This many times is caused by ancillary services provided for the acuity needs of the patient but the charges not always being reflected in the bill. The payment is set by contract based on acuity needs thus exceeds the gross billings.

Why is there no provision for charity care in the Projected Data Chart?

Response:

We do not budget for Charity care. We provide full care normally at levels below cost for "Medicaid" patients.

Please show the methodology used to determine the depreciation amounts in the chart.

Response:

It is straight line depreciation over the estimated useful life of the cost of the building and moveable equipment.

What accounts for the absence of any amounts in Line D.8.b of the chart for the management fees of Key Management Associates?

Response:

The Projected Data Chart has been revised for Line D.8.b as well as related other changes caused by the absence of Key Management fees in other areas of the chart. **Attachment #14 Section C, Economic Feasibility, Item 4 (Projected Data Chart).**

Please provide a breakout of Line D.9 – Other Expenses using the template provided in the Exhibit at the end of this letter.

Response:

Other Expenses have been itemized and attached. **Attachment #13 Section C, Economic Feasibility, Item 4 – Projected Data Chart. Itemized Other Expenses.**

Given the plans to fund the project with a \$10 million – \$12 million commercial loan, please explain why the amounts for principal and interest expenses are missing from Item F of the chart. The annual expense for these items should be similar to the amounts shown in the loan amortization schedule requested in Question 10 above.

Response:

The Projected Data Chart has been revised to include the Annual expense in item F of the chart with resulting changes. **Attachment #14 Section C, Economic Feasibility, Item 4 – Projected Data Chart.**

As a result of the above, it appears that projected net income is significantly overstated in the Projected Data Chart for the first 2 years of the project. Please revise the amounts provided for Net Operating Revenue, Total Operating Expenses, Capital Expenditures, and Net Operating Income and re-submit a replacement page labeled page 26-R of 35.

Response:

We have attached the amortization of the loans for this project. The resultant interest and debt payments are now reflected in the chart thus making the profit more in line of what will actually happen. The pages reflecting this have been corrected. The Projected Data Chart has been revised for Net Operating Revenue, Total Operating Expenses, Capital Expenditures and Net Operating Income. According to our CON document Projected Data Chart is on page 27. **Attachment #14 Section C, Economic Feasibility, Item 4 – Projected Data Chart. Replacement page labeled page 27-R of 35.**

13. Section C, Economic Feasibility, Item 5

The average projected net charge exceeds the average projected gross charge in each period. As requested in the previous question, please clarify why net operating revenue would not be lower than gross operating revenue.

Response:

As indicated earlier the nursing home has contracts with Medicare, Medicaid and Commercial Insurance companies. The payment from these contracts is based on the acuity needs of the patient. The gross charges for room and board and ancillary services of therapies, drugs, supplies, x-ray and lab are billed at a stated mark up over cost. However the set rates from these contracts many times exceeds the gross billings. Therefore the contractual adjustment (the difference between the gross charges and the payments) is recorded to properly note the accounts receivable. We anticipate based on these contracts that our contractual allowances will increase our revenue over gross charges as it did in the historical financials for 2015.

There appears to be an increase of approximately 23% from the applicant's \$201 average gross charge in 2015 to \$247.93 charge in Year 1. Please identify the reasons for the increase.

Response:

The revenue's projection is higher based on the expectation of a change in payer mix to include more skilled residents. Also it allows for the increase in the per diems annually along with the increase of 25 new beds.

14. Section C. (Economic Feasibility) Item 9

The response reflects a combined total of \$6,279,008 in Medicare and Medicaid revenue in Year 1 of the project. The Medicare/Medicaid revenue combined amount in the 2015 financial statement attachment appears total to approximately \$3,785,687. Please briefly summarize how the projected Year 1 amounts for Medicare/Medicaid was determined.

Response:

The year 1 revenue for Medicare and Medicaid was determined by taking the projected contract payment rate (\$485 Medicare, \$215 skilled Medicaid and \$206 level 1 Medicaid) times the projected patient days (6,205 Medicare, 1,095 skilled Medicaid and 14,600 level 1 Medicaid). The above table reflects the gross charges without the contractals to achieve the net operating revenue reflected in the financials. While we started with the 2015 mix and rates they were adjusted for expected increases in Medicare, skilled Medicaid and commercial insurance and decrease in level 1 Medicaid.

In your response, please also complete the payor mix table below.

Applicant's Historical and Projected Payor Mix

Payor Source	Gross Operating Revenue 2015	as a % of Total	Gross Operating Revenue Year 1	as a % of Total	Average Gross Charge per Procedure Year 1
Medicare	\$723,253	15.75%	\$2,506,292	32.97%	\$403.91
TennCare	\$2,885,655	62.84%	\$3,315,386	43.61%	\$211.24
Managed Care	0	0	0	0	0
Commercial	\$195,927	4.27%	\$756,385	9.95%	\$207.23
Self-Pay	\$777,585	16.93%	\$1,000,885	13.17%	\$195.87
Other	\$10,005	0.22%	\$22,537	0.30%	\$0.74
Total Gross Revenue	\$4,592,425	100.00%	\$7,601,485	100.00%	\$247.93

Managed Care payor source is in Commercial

15. Section C, Orderly Development, Item 1.

The response is noted. The project will add additional capacity to serve patients requiring skilled care, including services covered under Medicare Part A. It would be helpful to provide a letter from the CEO of Three Rivers Hospital attesting to the hospital's support for the project and willingness to continue or negotiate an emergency transfer agreement for the proposed relocated/replacement nursing home facility.

Response:

A letter from the CEO of Three Rivers Hospital is attached that supports the project and expresses her willingness to continue the emergency transfer agreement. **Attachment #15 Section C, Orderly Development, Item 1. Three Rivers Hospital letter.**

Review of the 2012 JAR revealed approximately 33 nursing full time equivalent positions (FTE) and 14 FTE "other health" positions for a total of 47 FTE that provided direct patient care services in 2012. Based on the staff schedule provided on page 43, it appears that there are approximately 48 FTE direct care staff for the 60 bed nursing home. Please explain why there appears to be no increase in direct care staffing?

Response:

The 2012 JAR reveals 57 Clinical staff and 25 non-clinical staff for a total of 82 FTEs. There is an increase in staffing for year 1 to 95.5 FTEs which is an increase of 13.5 FTEs.

16. Section C, Orderly Development, Item 3

The current staffing is noted. Please compare to the anticipated staffing in Year1 of the project by completing the table below.

Response:

Historical and Projected Staffing		
Position Classification	Current FTE*	Projected FTE – Year 1
Direct Nursing Care	51.5	62.5
Other Clinical	2	2
Sub-total Clinical	53.6	64.5
Non-Clinical	25.2	37.0
Grand Total	79	95.5
Direct Patient Care Staffing ratio (hours per patient per day)	4.5 hrs/ppd	4.24 hrs/ppd

**Note: 1 FTE = full time equivalent position based on 2,080 regular hours worked per year*

ATTACHMENTS**TABLE OF CONTENTS**

- 1) Attachment A.6.1 – Signed Option to Purchase Property
- 2) Attachment – Letter from Mayor summarizing the rezoning approval
- 3) Attachment A.6 – Warranty Deed
- 4) Attachment B.II.A – Square Footage Chart
- 5) Attachment – Replacement page labeled Page 6-R of 35
- 6) Attachment B.IV – Legible Floor Plan and Site Plan
- 7) Attachment – Replacement page labeled Page 15-R of 35
- 8) Attachment C.3 - Service Area Maps Revised
- 9) Attachment C, Economic Feasibility, Item 1 – Project Costs Chart Revised Page 24-R of 35
- 10) Attachment - Additional Letter from Bank
- 11) Attachment C, Economic Feasibility, Item 2 - Amortization Schedules
- 12) Attachment C, Economic Feasibility, Item 4 – Page 26-R of 35, Historical Data Chart
- 13) Attachment – Exhibit 1 – Other Expenses Breakdown, Historical & Projected
- 14) Attachment C, Economic Feasibility, Item 4– Page 27-R of 35, Projected Data Chart
- 15) Attachment C, Orderly Development, Item 1 – Three Rivers Hospital letter

ATTACHMENT A.6.1

SIGNED OPTION TO

PURCHASE PROPERTY

November 20, 2015

9:45 am



LOT/LAND PURCHASE AND SALE AGREEMENT

1. Purchase and Sale. For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer

Humphreys County Nursing Home ("Buyer") agrees to buy and

the undersigned seller Larry B. Rawlings & Janet J. Rawlings ("Seller")

agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows:

All that tract of land known as: 15.40 acres Fort Hill Rd.

(Address) Waverly (City), Tennessee, 37185 (Zip), as

recorded in _____ County Register of Deeds Office,

_____ deed book(s), 198 page(s), 1066 and/or instrument number and as further described as:

together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

☐ **This box must be checked to be part of this Agreement.** The full and legal description of said Property is as described in the attached "Legal Description Exhibit."

A. LEASED ITEMS. Leased items that remain with the Property (e.g. billboards, irrigation systems, fuel tank, etc.)

N/A. Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in full by Seller at or before Closing.

☐ Buyer does not wish to assume a leased item. **(THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.)**

Buyer does not wish to assume Seller's current lease of N/A; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

B. FUEL. Fuel, if any, will be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

2. Purchase Price, Method of Payment and Closing Expenses. Buyer warrants that, except as may be otherwise provided herein, Buyer will at Closing have sufficient cash to complete the purchase of the Property under the terms of this Lot/Land Purchase and Sale Agreement (hereinafter "Purchase and Sale Agreement" or "Agreement"). The purchase price to be paid is: \$ 75,000.00

Seventy-Five Thousand U.S. Dollars, ("Purchase Price") which shall be disbursed at Buyer's expense and paid to Seller or Seller's Closing Agency in the form of one of the following:

- i. a Federal Reserve Bank wire transfer;
- ii. a Cashier's Check issued by a financial institution as defined in 12 CFR § 229.2(i);
- iii. a check issued by the State of Tennessee or a political subdivision thereof;
- iv. a check issued by an instrumentality of the United States organized and existing under the Farm Credit Act of 1971; OR
- v. in other such form as is approved in writing by Seller.

This price is based (Select one. The sections not checked are not a part of this Agreement.):

☒ for entire Property as a tract, and not by the acre OR

☐ per acre with the Purchase Price to be determined by the actual amount of acreage of the Property, \$ _____ per acre based on a current or mutually acceptable survey OR

☐ for entire Property as a tract but with the Purchase Price to be adjusted upward or downward at \$ _____ per acre in the event the actual amount of acreage of the Property based on a current or mutually acceptable survey should vary more or less than _____ acre(s) from the _____ estimated acreage.

A. Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).

☒ 1. This Agreement IS NOT contingent upon the appraised value either equaling or exceeding the agreed upon Purchase Price.

☐ 2. This Agreement IS CONTINGENT upon the appraised value either equaling or exceeding the agreed upon Purchase Price. In the event that the financing contingency is waived, Buyer must order the appraisal

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RF 404 - Lot/Land Purchase and Sale Agreement, Page 1 of 9

Version 01/01/2015

Instant
Forms

November 20, 2015

9:45 am

and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. If appraised value is equal to or exceeds the Purchase Price, this contingency is satisfied. If the appraised value of the Property does not equal or exceed the Purchase Price, the Buyer may terminate this Agreement by providing written notice to the Seller and providing written proof of the same (for example, this written proof could include, but is not limited to, a copy of appraisal or a signed letter from Lender) via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Earnest Money.

B. Closing Costs and Discount Points.

1. **Seller Expenses.** Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's Closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; and notary fee on deed. Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's Closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service and notary fees.

3. **Title Expenses.** Cost of title search or abstract, mortgagee's policy and owner's policy shall be paid as follows:

Buyer

Buyer to receive benefit of simultaneous issue.

Not all of the above items are applicable to every transaction and may be modified as follows:

Closing Agency for Buyer: Robert I. Thomason, Jr., Attorney

Closing Agency for Seller: Robert I. Thomason, Jr., Attorney

Title Company: Volunteer Title Company, Inc.

or other Closing Agency as mutually agreed by Seller and Buyer.

- C. **Financial Contingency – Loan(s) To Be Obtained:** This Agreement is conditioned upon Buyer's ability to obtain a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust on the Property. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan described herein based upon Lender's customary and standard underwriting criteria. In the event Buyer, having acted in good faith and in accordance with the terms below, is unable to obtain financing, Buyer may terminate this Agreement by providing written notice and a copy of Lender's loan denial letter via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Earnest Money. Lender is defined herein as the financial institution funding the loan.

The loan shall be of the type selected below (Select the appropriate boxes. Unselected items will not be part of this Agreement):

- ☐ Conventional Loan ☐ FHA Loan; attach addendum
☐ VA Loan; attach addendum ☐ Other _____

November 20, 2015

9:45 am

Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms and conditions of this Agreement are fulfilled and the new loan does not increase any costs charged to Seller. Buyer shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for which Buyer has applied and been approved.

Loan Obligations: The Buyer agrees and/or certifies as follows:

- (1) Within five (5) days after the Binding Agreement Date, Buyer shall make application for the loan and instruct Lender to order credit report and appraisal. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report and appraisal via the Notification form or equivalent written notice;
- (2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:
 - a. all required Lender deposits, including appraisal cost and credit report, have been paid as evidenced by supporting documentation (e.g., cancelled check, receipt from Lender, letter from loan originator, etc.); and
 - b. Buyer has available funds to Close per estimates of Lender / loan originator.
- (3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;
- (4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;
- (5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and
- (6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with 2.C.(1) and/or 2.C.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.

☒ **Financing Contingency Waived (e.g. "All Cash", etc.):**

Buyer's obligation to Close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: N/A (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

3. **Earnest Money.** Buyer has paid or will pay within 2 days after the Binding Agreement Date to Bill Collier Realty & Auction Co. (name of Holder) ("Holder") located at 198 Clydeton Rd., Waverly, TN. 37185 (address of Holder), an Earnest Money deposit of \$ 1000.00 by check (OR _____) ("Earnest Money").

- A. Failure to Receive Earnest Money.** In the event Earnest Money is not timely received by Holder or Earnest Money check or other instrument is not honored, for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer's failure to deposit the agreed upon Earnest Money. Buyer shall then have one (1) day to deliver Earnest Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer's representative written notice via the Notification form or equivalent written notice. In the event Buyer delivers the Earnest Money in immediately available funds to Holder before Seller elects to terminate, Seller shall be deemed to have waived his right to terminate, and the Agreement shall remain in full force and effect.
- B. Handling of Earnest Money upon Receipt by Holder.** Earnest Money is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Earnest Money paragraph or as specified in the Special Stipulations paragraph contained at paragraph 15 herein. Holder shall disburse Earnest Money only as follows:



November 20, 2015

9:45 am

- (a) at Closing to be applied as a credit toward Buyer's Purchase Price;
- (b) upon a written agreement signed by all parties having an interest in the funds;
- (c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money;
- (d) upon a reasonable interpretation of the Agreement; or
- (e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any matter arising out of or related to the performance of Holder's duties under this Earnest Money paragraph. Earnest Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. Closing, Prorations, Special Assessments and Association Fees.

A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of Purchase Price, the "Closing"), and this Agreement shall expire at 11:59 p.m. local time on the 19th day of December, 2015 ("Closing Date"), or on such earlier date as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. Possession. Possession of the Property is to be given (Select the appropriate boxes below. Unselected items will not be part of this Agreement):

☒ with delivery of warranty deed and payment of Purchase Price;

OR

☐ on _____ at _____ o'clock ☐ am/ ☐ pm, local time;

☐ Occupancy Agreement attached which addresses issues including but not limited to: occupancy term, compensation due, legal relationships of the parties, condition of the Property upon transfer, utilities, and property insurance.

B. Prorations. Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and roll back taxes, if any, will be paid by Seller.

C. Special Assessments. Special Assessments approved or levied prior to the Closing Date shall be paid by Seller at or prior to Closing unless otherwise agreed as follows:

D. Association Fees. Buyer shall be responsible for all homeowner or condominium association transfer fees, related administration fees (not including statement of accounts), capital expenditures/contributions incurred due to the transfer of the Property and/or like expenses which are required by the association, property management company and/or the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

5. Title and Conveyance.

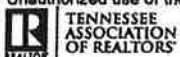
A. Seller warrants that at the time of Closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s) good and marketable title to said Property by general warranty deed, subject only to:

- (1) Zoning;
- (2) Setback requirements and general utility, sewer, and drainage easements of record on the Binding Agreement Date upon which the improvements do not encroach;
- (3) Subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the Binding Agreement Date; and
- (4) Leases and other encumbrances specified in this Agreement.

If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other information discloses material defects, Buyer may, at Buyer's discretion:

- (1) accept the Property with the defects OR
- (2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written

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RF 404 – Lot/Land Purchase and Sale Agreement, Page 4 of 9

Version 01/01/2015

**Instant
Forms**

November 20, 2015

9:45 am

notice of such defects via the Notification form or equivalent written notice. If defects are not remedied prior to the Closing Date, Buyer may elect to extend the Closing Date by mutual written agreement evidenced by the Closing Date/Possession Amendment form or other written equivalent. If defects are not remedied by the Closing Date or any mutually agreed upon extension thereof, this Agreement shall terminate, and Buyer shall be entitled to a refund of Earnest Money.

Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by the issuing title insurance company.

B. Deed. Deed to be made in the name of Humphreys County Nursing Home.
The manner in which Buyer takes title determines ownership and survivorship rights. It is Buyer's responsibility to consult the closing agency or attorney prior to Closing.

6. Inspections and other requirements made a part of this Agreement.

ALL INSPECTIONS ARE TO BE MADE AT BUYER'S EXPENSE. Buyer, its inspectors and/or representatives shall have the right and responsibility to enter the Property during normal business hours for the purpose of making inspections and/or tests. Buyer agrees to indemnify Seller for the acts of themselves, their inspectors and/or representatives in exercising their rights under this paragraph. Buyer's obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. Buyer shall make such inspections as indicated in this paragraph and either accept the Property in its present condition by written notice to Seller or terminate the Agreement as provided for in each section marked below.

[Select any or all of the following stipulations. Unselected items are not a part of this Agreement.]

☒ A. **Feasibility Study.** Buyer shall have the right to review all aspects of the Property, including but not limited to, all governmental, zoning, soil and utility service matters related thereto. If Buyer provides a copy of the review reports along with written notification to Seller and/or Seller's Broker within 120 days after Binding Agreement Date that Buyer is not satisfied with the results of such review, then this Agreement shall automatically terminate and Broker shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide report and notice, then this contingency shall be deemed to have been waived by Buyer. Seller acknowledges and agrees that Buyer and/or his agents and employees may have free access during normal business hours to visit the Property for the purpose of (1) inspection thereof and (2) conducting such soil and other tests thereon as are deemed reasonably necessary by Buyer. Buyer hereby agrees to indemnify and hold Seller, Broker, and Broker's Affiliated Licensees harmless from and against any and all loss, injury, cost, or expense associated with Buyer's inspection of and entry upon Property.

☒ B. **Building Permit.** This Agreement is contingent upon Buyer's ability to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property. If Buyer provides a copy of the governmental report along with written notification to Seller and/or Seller's Broker within 120 days after the Binding Agreement Date that Buyer is unable to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property, then in such event this Agreement shall automatically terminate and Holder shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide said report and notice, then this contingency shall be deemed to have been waived by Buyer.

☐ C. **Permit for Sanitary Septic Disposal System.** This Agreement is contingent upon the Buyer's ability to obtain a permit for a sanitary septic disposal system from the respective Tennessee Ground Water Protection Office for the county in which the Property is located (generally, located at the local Health Department) to be placed on the Property in a location consistent with Buyer's planned improvements. If Buyer is unable to meet this condition, Buyer must notify Seller and/or Seller's Broker in writing within N/A days after the Binding Agreement Date along with documentation reflecting denial of permit from the appropriate governmental entity. With proper notice, the Agreement is voidable by Buyer and Earnest Money refunded. If Buyer fails to provide said notice, this contingency shall be deemed to have been waived by Buyer.

☐ D. **Rezoning.** This Agreement is contingent upon the Property being rezoned to CS or MPO by the appropriate governmental authorities on or before 12/19/2015. (Buyer or Seller) Buyer shall be responsible for pursuing such rezoning, and paying all associated cost. All rezoning applications shall be submitted to Seller for Seller's approval prior to filing, which approval shall not be unreasonably withheld. All parties agree to cooperate, to sign the necessary documentation and to support the rezoning application. If Buyer provides documentation and written notification to Seller and/or Seller's Broker within 48 hours after the above date that the Property cannot be so zoned, then in such event this Agreement shall



automatically terminate, and Holder shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide said documentation and notice, then this contingency shall be deemed to have been waived by Buyer.

E. Well Test. This Agreement is contingent upon the well water serving the Property passing testing for suitability for drinking as performed by a testing laboratory selected by Buyer, or required by Buyer's Lender, prior to Closing. Buyer shall be responsible for ordering, supervising and paying for any such well water sample test. This Agreement shall also be contingent upon said well providing an adequate quantity of water to serve Buyer's intended purpose for the Property. If Buyer provides a copy of said test along with written notification to Seller and/or Seller's Broker within N/A days after the Binding Agreement Date that test results are unacceptable, then in such event this Agreement shall automatically terminate, and Holder shall promptly refund the Earnest Money to Buyer. If Buyer fails to provide said notice and report, then this contingency shall be deemed to have been waived by Buyer.

F. Other Inspections. See Special Stipulations for additional inspections required by Buyer.

G. No Inspection Contingencies. Buyer accepts the Property in its present condition. All parties acknowledge and agree that the Property is being sold "AS IS" with any and all faults.

7. Final Inspection. Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of Property on the Closing Date or within 5 day(s) prior to Closing Date only to confirm Property is in the same or better condition as it was on the Binding Agreement Date, normal wear and tear excepted, and to determine that all repairs/replacements have been completed. Property shall remain in such condition until the Closing Date at Seller's expense. Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless otherwise noted in writing.

8. Buyer's Additional Due Diligence Options. If any of the matters below are of concern to Buyer, Buyer should address the concern by specific contingency in the Special Stipulations paragraph of this Agreement.

A. Survey and Flood Certification. Survey Work and Flood Certifications are the best means of identifying boundary lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a survey, closing loan survey or Boundary Line Survey and Flood Zone Certifications.

B. Insurability. Many different issues can affect the insurability and the rates of insurance for property. These include factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether any exclusions will apply to the insurability of said Property.

C. Water Supply. The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

D. Waste Disposal. The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

E. Title Exceptions. At Closing, the general warranty deed will be subject to subdivision and/or condominium declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of the Property by Buyer.

9. Disclaimer. It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for building products and construction techniques; for any geological issues present on the Property; for any issues arising out of the failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability; and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending condemnation actions involving the Property; for acreage or square footage; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and availability of financing; and for the uses and

November 20, 2015

9:45 am

zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

10. Brokerage. As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

11. Default. Should Buyer default hereunder, the Earnest Money shall be forfeited as damages to Seller and shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money shall be refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees.

12. Other Provisions.

A. Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date. This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller, or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. Survival Clause. Any provision contained herein, which by its nature and effect is required to be performed after Closing shall survive the Closing and delivery of the deed, and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. Governing Law and Venue. This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. Time of Essence. Time is of the essence in this Agreement.

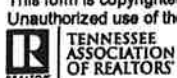
E. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. In the event a performance deadline, other than the Closing Date (as defined in paragraph 4 herein), Date of Possession (as defined in paragraph 4 herein), and Offer Expiration Date (as defined in paragraph 16 herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. Responsibility to Cooperate. Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. Buyer and Seller agree that if requested after Closing, they

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Betty Himes

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RF 404 - Lot/Land Purchase and Sale Agreement, Page 7 of 9

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Version 01/01/2015

**Instant
Forms**

November 20, 2015

9:45 am

will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person; (2) by a prepaid overnight delivery service; (3) by facsimile transmission (FAX); (4) by the United States Postal Service, postage prepaid, registered or certified, return receipt requested; or (5) Email. NOTICE shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or the Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. Risk of Loss. The risk of hazard or casualty loss or damage to the Property shall be borne by Seller until transfer of title. If casualty loss prior to Closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this Agreement with a refund of Earnest Money to Buyer.

I. Equal Housing. This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. Severability. If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

K. Property Delivery Condition. Seller shall deliver Property clean and free of debris at time of possession.

L. Contract Construction. This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

M. Other. In further consideration of Buyer's right to legally, properly and in good faith invoke a right to terminate this Agreement pursuant to any specific Buyer contingency as stated herein, Buyer agrees, upon Seller's request or as provided for in this Agreement, to provide Seller or Seller's representative with copies of any supporting documentation which supports Buyer's right to exercise said contingency, the sufficiency and adequacy of said consideration being acknowledged. Any such supporting documents shall be provided for Seller's benefit only and Seller shall not disseminate the same to third parties. However, Buyer shall not be required to provide any documents to Seller in violation of any confidentiality agreement or copyright protection laws, if applicable.

13. Method of Execution. The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as originals and that the final Lot/Land Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal law.

14. Exhibits and Addenda. All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:

15. Special Stipulations. The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
Buyer will not allow driveway and/or entrance into property to be directly across from the house of Jackie L. and Cindy R. Smith.

This contract is subject to buyer having adequate access to Fort Hill Rd. for entrance.

Contingent upon rezoning approval.

Contingent upon approval of the engineering and architectural firm employed by Buyer.

November 20, 2015**9:45 am**

424 16. **Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not
 425 countered or accepted by _____ o'clock ☐ a.m./ ☐ p.m.; on the _____ day of _____.

426 **LEGAL DOCUMENTS:** This is an important legal document creating valuable rights and obligations. If you have
 427 any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is
 428 authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

429 **NOTE:** Any provisions of this Agreement which are preceded by a box "□" must be marked to be a part of this
 430 Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have
 431 received a copy of this Agreement.

432 Buyer hereby makes this offer.

433 BUYER Humphreys County Nursing Home BUYER By: George T. Mathai, Chairman
 434 _____
 435 _____ at _____ o'clock ☐ a.m./ ☐ p.m. 8/19/15 at 5:00 o'clock ☐ a.m./ ☒ p.m.
 436 Offer Date Offer Date

437 Seller hereby:

438 ☒ **ACCEPTS** - accepts this offer.
 439 ☐ **COUNTERS** - accepts this offer subject to the attached Counter Offer(s).
 440 ☐ **REJECTS** this offer and makes no counter offer.

441 SELLER Larry W. Rawlings SELLER Larry J. Rawlings
 442 _____
 443 8-19-15 at 6:50 o'clock ☐ a.m./ ☐ p.m. 8-19-15 at 6:00 o'clock ☐ a.m./ ☐ p.m.
 444 Date Date

445 **Binding Agreement Date.** This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date")
 446 the last offeror, or licensee of the offeror, receives notice of offeree's acceptance.

447 Notice of acceptance of the final offer was received on the 19th day of August, 2015 at
 448 6:30 p o'clock by George T. Mathai, MD (Name).

For Information Purposes Only:

Listing Company: Bill Collier Realty & Auction
 Listing Licensee: Betty Himes
 Licensee Email: bhimes@realtracs.com

Selling Company: Bill Collier Realty & Auction Co.
 Selling Licensee: Betty Himes
 Licensee Email: _____

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 RF 404 - Lot/Land Purchase and Sale Agreement, Page 9 of 9



ATTACHMENT 2

LETTER FROM CITY

MAYOR FOR REZONING

November 20, 2015

9:45 am

CITY OF WAVERLY

W. B. (BUDDY) FRAZIER, MAYOR

P.O. BOX 70
WAVERLY, TENNESSEE 37185

PHONE: (931) 296-2101

FAX: (931) 296-1434


November 19, 2015

To Whom It May Concern:

This letter serves as verification that property identified as Parcel 4 of Group D on Map 64-1 on Maps in the office of the Assessor of Property, owned by Larry Rawlings and wife, Janet Rawlings, at their request, and on consideration and recommendation of the Municipal Planning Commission, is re-classified and the same is re-zoned from existing Low Density Residential and Mobile Home Use Classification and District (R-20) to the Commercial Medical-Professional Office UCS Use Classification and District (MPO). The Comprehensive Zoning Map is modified, revised and changed accordingly.

This action was taken by the Waverly Mayor and Board of Aldermen meeting in regular session on November 9, 2015.

I may be contacted at the above address if additional information or verification is needed.



W. B. (Buddy) Frazier



My commission expires
on April 15, 2019.



ATTACHMENT A.6

WARRANTY DEED

November 20, 2015

BK/PG: WD198/1066-1068

9:45 am 13000764

3 PGS: AL - WARRANTY DEED	
ANNETTE BATCH: 30040	
03/20/2013 - 08:05 AM	
VALUE	23000.00
MORTGAGE TAX	0.00
TRANSFER TAX	85.10
RECORDING FEE	15.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	103.10
STATE OF TENNESSEE, HUMPHREYS COUNTY	
JANET H. CROWELL	
REGISTER OF DEEDS	

I hereby swear, or affirm, that the actual consideration for this transfer is \$23,000.00, which amount is equal to or greater than the amount which the property would command at a fair and voluntary sale.

Larry Rawlings
Affiant

Sworn to and subscribed before me on this 19th day of March, 2013.



Tracy L. Harrell
Notary Public

Commission Expires: 10/15/13

The property is identified on the records of the Tax Assessor as Map 641, Group D, Parcels 04.

The names and address of the new owners and to whom the tax statement should be sent are Larry Wayne Rawlings and wife, Janet J. Rawlings, 170 Meade Lane
Waverly, TN 37185

This instrument prepared by Porch, Peeler, Williams & Thomason, Attorneys, 102 South Court Square, Waverly, Tennessee 37185.

WARRANTY DEED

For and in consideration of the sum of Twenty Three Thousand Dollars (\$23,000.00), cash in hand paid, and other good and valuable considerations, the receipt of which is hereby acknowledged, I, CHARLES E. DANIEL, SR., being one and the same person as Charles E. Daniel, this date have bargained and sold, and by these presents do transfer and convey unto LARRY WAYNE RAWLINGS and wife, JANET J. RAWLINGS, their heirs and assigns, a certain tract or parcel of land in the Second Civil District of Humphreys County, Tennessee, and being more particularly described as follows:

A certain tract or parcel of land located in the Second Civil District of Humphreys County, Tennessee in the City of Waverly, described as follows, to-wit:

Beginning at a concrete fence post 378.9 feet North 24° 20' East of the center of the junction of Fort Hill Road with Hillwood Drive, said beginning point being Sanders' northeast corner; thence with Hicks Heirs with a new division line North 8° 42' 17" West 606.25 feet to an iron pin in the southeast right of way boundary of Fort Hill Road; thence with formerly Voorhees (now Slayden) South 84° 00' 00" East 34.31 feet to an iron pin; thence with Voorhees North 26° 45' 41" East 94.05 feet to a walnut, Dabbs' corner; thence with Dabbs South 63° 00' 00" East 163.00 feet to an iron pin; thence continuing with Dabbs North 29° 05' 59" East 163.00 feet to an iron pin; thence with Hicks Heirs with a new division line South 86° 10' 40" East 552.62 feet to an iron pin in a hollow, Johnson's southwest corner; thence with Johnson due East 255.00 feet to an iron pin in the south right of way boundary of an un-

November 20, 2015**9:45 am**

named paved road; thence with Cantrell South 12° 33' 41" West 568.16 feet to an iron pin in a rock pile; thence continuing with Cantrell South 63° 18' 23" West 190.30 feet to an iron pin; thence with Cantrell South 74° 17' 36" West 109.97 feet to an iron pin; thence with Hicks Heirs with a new division line South 76° 30' 43" West 540.34 feet to an iron pin at an elm pointer in the east right of way boundary of Nautilus Drive; thence with said right of way boundary North 29° 59' 53" West 114.24 feet to an iron pin; thence with Hicks Heirs South 66° 54' 45" West 36.54 feet to the beginning, containing 15.72 acres more or less, bearings base on magnetic north, according to a survey of David G. Hansard, Surveyor, Tenn. Reg. No. 719, dated June 8, 1993.

Being the same property conveyed to Charles E. Daniel and wife, LaJoyce P. Daniel, by Warranty Deed dated June 14, 1994, recorded June 28, 1994 in Deed Book 164, page 380, Register's Office of Humphreys County, Tennessee. LaJoyce P. Daniel died January 15, 1997, thereby vesting title in Charles E. Daniel as the surviving tenant by the entirety.

LESS and EXCEPT a 0.034 acre tract conveyed to the State of Tennessee, dated February 3, 2003 and recorded in Deed Book 184, page 1138, Register's Office of Humphreys County, Tennessee.

This conveyance is made subject to the following:

1. All matters and Restrictions pertaining to Tract 6 as shown on the plat of survey for the F. H. Hicks Heirs of record in Plat Cabinet B, Slide 29, Register's Office of Humphreys County, Tennessee.
2. The lien of *ad valorem* real property taxes assessed by Humphreys County, Tennessee and the City of Waverly for the year 2013 that have been prorated this date and are to be paid by the grantees.

TO HAVE AND TO HOLD the said tract or parcel of land, with the appurtenances, estate, title, and interest thereto belonging, to the said LARRY WAYNE RAWLINGS and wife, JANET J. RAWLINGS, their heirs and assigns, forever.

I covenant with the said LARRY WAYNE RAWLINGS and wife, JANET J. RAWLINGS, that I am lawfully seized and possessed of said land in Fee Simple, have a good right to convey it, and the same is unencumbered except for the lien of *ad valorem* real property taxes assessed by Humphreys County, Tennessee for the year 2013 that have been prorated this date and are to be paid by the grantee. I further covenant and bind myself, my heirs and representatives, to warrant and forever defend the title to said land to the said LARRY WAYNE RAWLINGS and wife, JANET J. RAWLINGS, their heirs and assigns, against the lawful claims of all persons whomsoever.

November 20, 2015

9:45 am

WITNESS my hand this 19th day of March, 2013.

CHARLES E. DANIEL, SR.

By La Vonna R. McCaslin
La Vonna R. McCaslin, Attorney-in-Fact for
Charles E. Daniel, Sr. under the Durable General
Power of Attorney of record in Deed Book 192,
page 673, Register's Office of Humphreys County
Tennessee

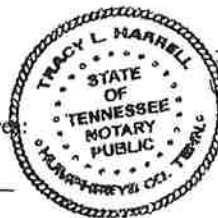
STATE OF TENNESSEE)
)
COUNTY OF HUMPHREYS)

Before me personally appeared LA VONNA R. MCCASLIN, to me known (or proved to me on the basis of satisfactory evidence) to be the person who executed the foregoing instrument in behalf of CHARLES E. DANIEL, SR., and who acknowledged that she executed the same as the free act and deed of CHARLES E. DANIEL, SR.

Witness my hand and official seal at office in Waverly, Tennessee on this 19th day of March, 2013.

My Commission Expires:

10/15/13



[Signature]
Notary Public

ATTACHMENT B.II.A

SQUARE FOOTAGE CHART

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

August 20, 2015										
A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/SF		
					Renovated	New	Total	Renovated	New	Total
Hall A Patient Rooms		6798		FIRST FLR		15550	15550			
Halls B, C, D, E Pt Rooms		-		FIRST FLR		3990	3990			
ICU Patient Rooms		-		FIRST FLR		3990	3990			
Administration		820		FIRST FLR		1657	1657			
Relief		191		FIRST FLR		1189	1189			
Food Services		959		FIRST FLR		2953	2953			
Laundry		429		FIRST FLR		855	855			
ICF Patient Care Sprt		-		FIRST FLR		2141	2141			
SNF Patient Care Sprt		-		FIRST FLR		625	625			
MCU Patient Care Sprt		-		FIRST FLR		495	495			
Common Act/Lnge		378		FIRST FLR		1909	1909			
ICF Act/Lnge		-		FIRST FLR		1550	1550			
SNF Act/Lnge		-		FIRST FLR		631	631			
MCU Act/Lnge		-		FIRST FLR		390	390			
Dining		1374		FIRST FLR		1750	1750			
Public Areas		163		FIRST FLR		1026	1026			
Common PCS		1554		FIRST FLR		1219	1219			
Operational Support		101		FIRST FLR		2095	2095			
B. Unit/Depart. GSF Sub-Total		12,767				44015	44015			
C. Mechanical/ Electrical GSF		5,233				1450	2403			
D. Circulation /Structure GSF		18,000				13535	13535			
E. Total GSF		18,000				59,000	59,000		\$180.00	10,620,000

ATTACHMENT 3.B.II.A.2

REPLACEMENT PAGE 6-R OF 35

November 20, 2015**9:45 am**

footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response:

The site that was chosen for the NEW FACILITY is north of the Three Rivers Hospital off of Fort Hill Road and Hillwood Drive. This 15.4 acre parcel of land would be accessed directly from Fort Hill Road and would receive utilities (water, gas, sewer, and electrical) provided by the City of Waverly, TN. The CONVENIENT ACCESS from the Three Rivers Hospital would offer emergency support, diagnostic and therapeutic back up should residents require acute or emergency intervention. The site is also near the main Hospital Campus and will afford convenient patient and staff transfer, in phases, as the new project is developed over time. Please refer to Exhibits on details of site location and MASTER ZONING CONCEPTS for the new facility. **Attachment B. III. A. Site Plan.**

The construction cost is estimated to be \$10,620,000 or \$180.00 per square foot. Humphreys County Nursing Home will offer a variety of amenities. These include dayrooms for each wing, an activity room, ice cream and gift shop, library, beauty shop, outdoor courtyards, walking paths, gazebos, fine dining, and private dining rooms for each nursing unit.

A variety of resident room configurations will be offered. There will be 71 private rooms, and 10 semi-private rooms are planned. Each resident will have a direct phone line, wireless internet access, and TV.

Large therapy spaces will be provided. Physical therapy, speech therapy, and occupational therapy services will be offered. Private treatment rooms will be available. State-of-the-art therapy equipment will be included in the FF&E package. An outdoor therapy courtyard with a variety of walking surfaces and transitions, will be located adjacent to each of the nursing units.

The current facility occupies 16,250 SF with a detached storage building of 1750 SF. The current facility provides two-side access and parking for approximately 49 vehicles. The proposed 59,000 SF facility will be constructed on a relatively flat 15.4 acre site located in Waverly, Tennessee. The property is presently being surveyed and all preliminary information indicate this land is adequate to provide all programmatic elements of the facility. Parking quantities and landscape requirements will be designed to accent the site, and will exceed the local zoning code. The proposed site has passed two major reviews by the Waverly City Planning Commission and will have both civil and survey studies complete within 60 days

The facility in this project will be constructed under the codes adopted by the local municipality (the International Building Code) and the Tennessee Department of Health (the Standard Building Code). As defined by the 1999 Standard Building Code, the Occupancy for this building will be

ATTACHMENT B.IV

LEGIBLE FLOOR PLAN

AND SITE PLAN

November 20, 2015

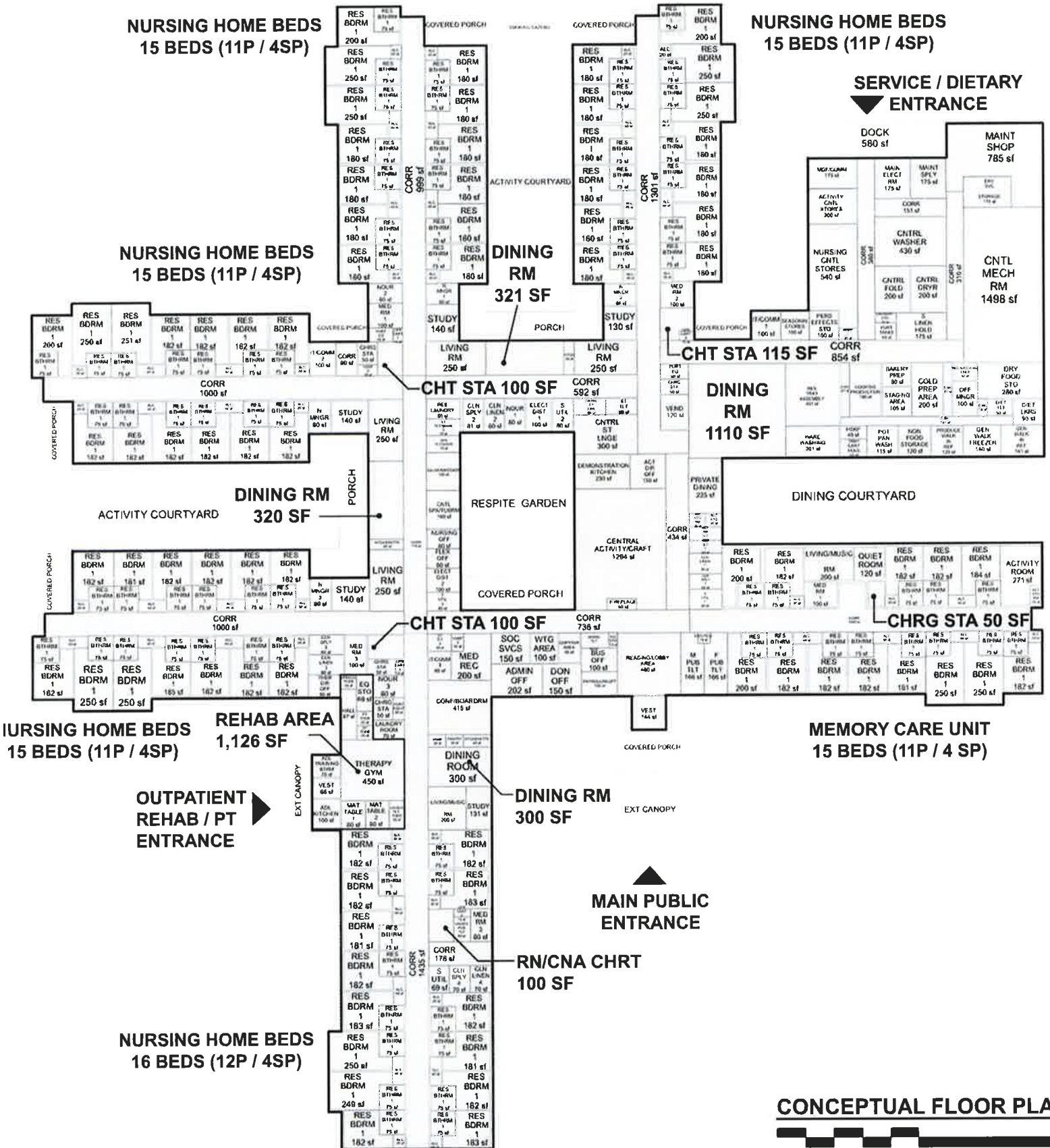
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**NURSING HOME BEDS
15 BEDS (11P / 4SP)**

**NURSING HOME BEDS
15 BEDS (11P / 4SP)**

**NURSING HOME BEDS
15 BEDS (11P / 4SP)**

**SERVICE / DIETARY
ENTRANCE**

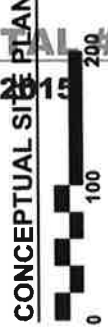


CONCEPTUAL FLOOR PLAN

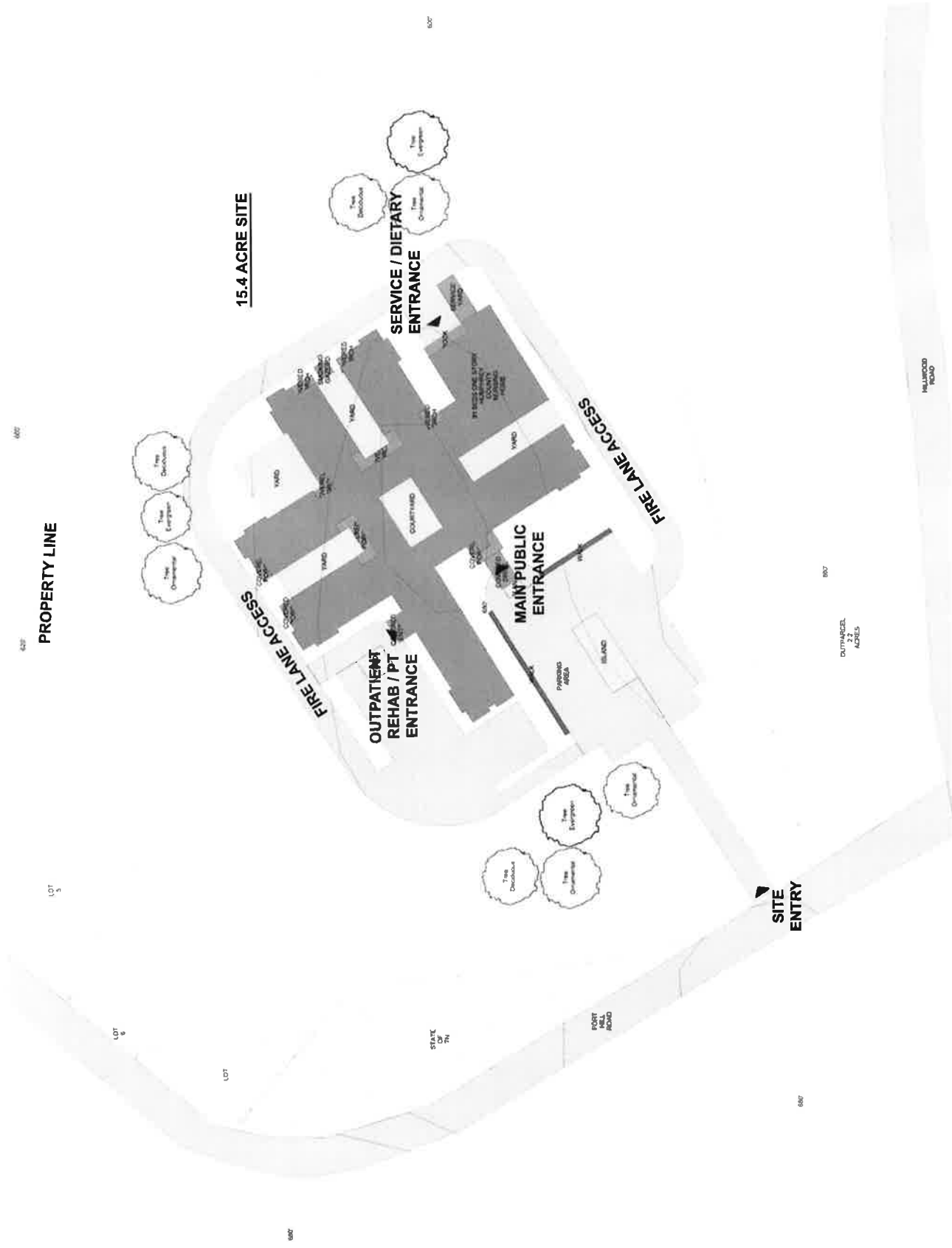
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SUPPLEMENTAL PLAN
November 20, 2015
9:45 am



11/19/2015



HUMPHREYS COUNTY NURSING HOME
WAVERLY, TN

HFR DESIGN

ATTACHMENT 7

PAGE 15-R OF 35

November 20, 2015**9:45 am**

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 2
Projected Bed Need – Humphreys County

Age Group	Use Rate	Population		Bed Need			
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Response: An inventory of the licensed nursing home beds in Humphreys County is represented in the following table. There are no outstanding CONs for nursing home beds in Humphreys County. The utilization of the two nursing homes in Humphreys County is provided in the following table. During 2013, the other nursing home within the County reported an average occupancy rate of 70.39 percent.

Table 6
Summary of Total Utilization in Humphreys County both Nursing Homes
2011- 2013

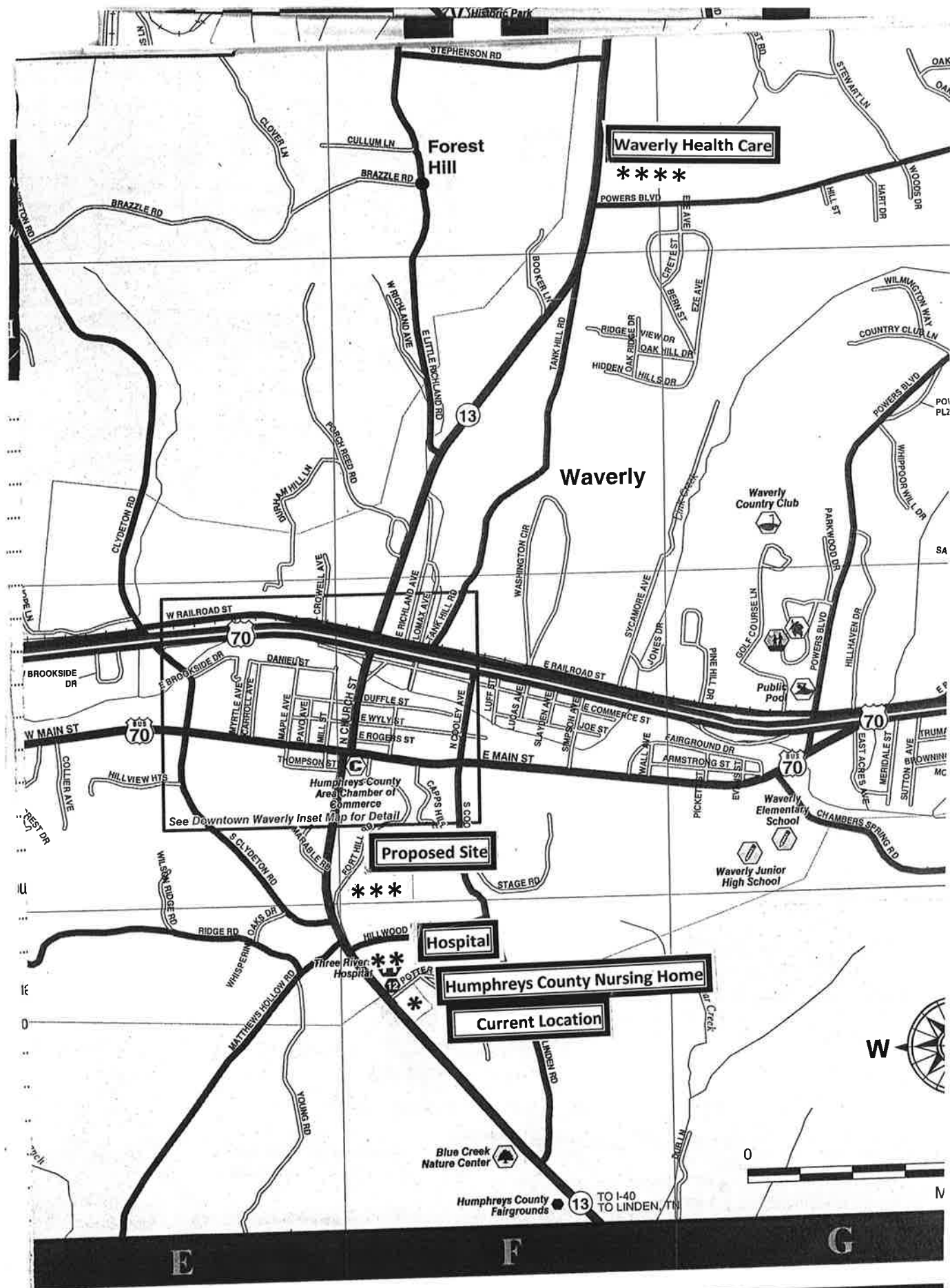
Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.0	87
2013	166	42,295	7,124	49,419	135.4	82

"Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients

ATTACHMENT C.3

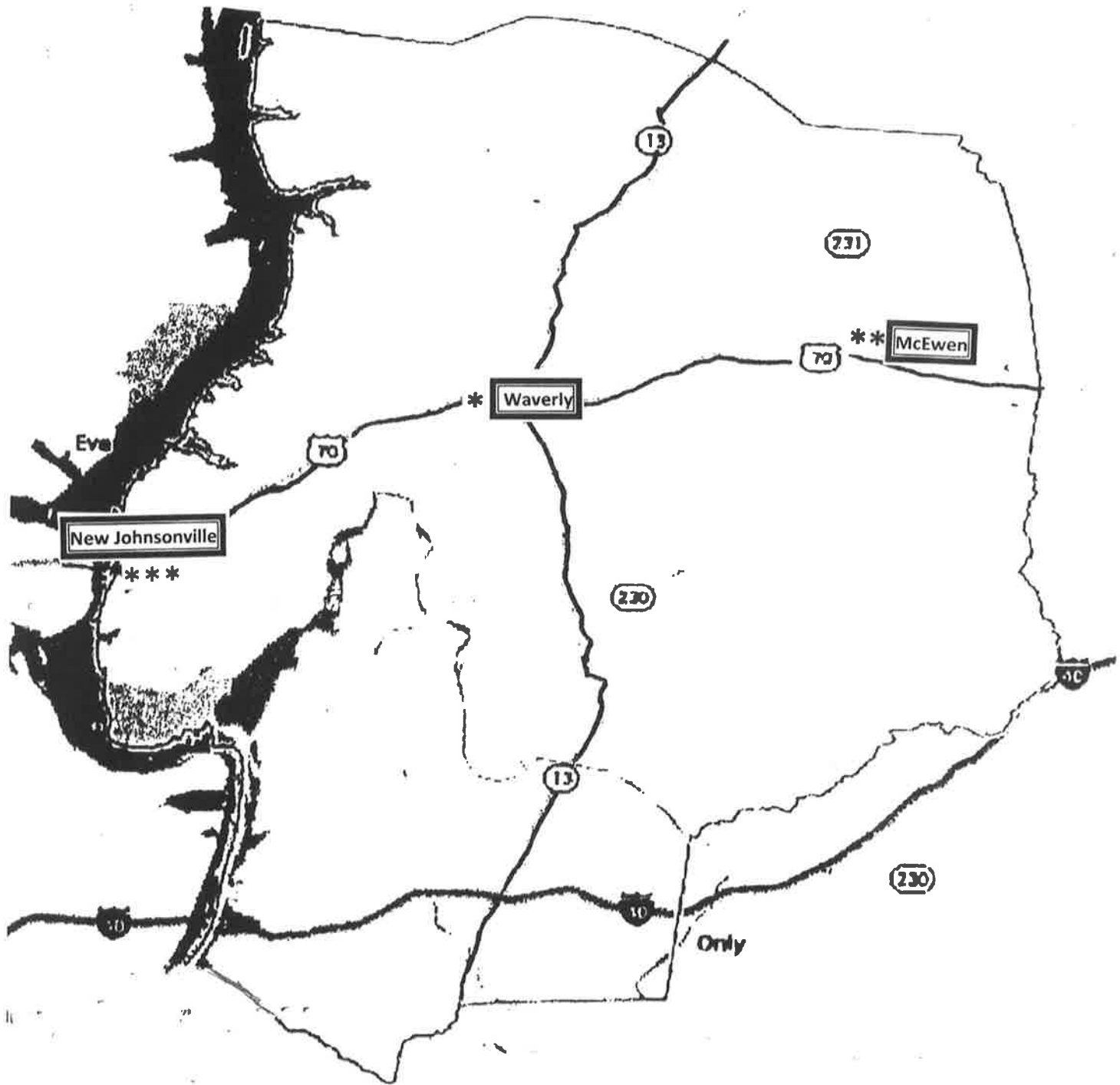
SERVICE AREA MAPS

REVISED



- * Humphreys County Nursing Home
- ** Hospital
- *** Proposed Site
- **** Waverly Health Care

Humphreys County



ATTACHMENT C.1

PROJECT COSTS CHART

REVISED

PAGE 24-R OF 35

PROJECT COSTS CHART

SUPPLEMENTAL #1

November 20, 2015

9:45 am

A. Construction and equipment acquired by purchase:

- | | |
|---|------------------------|
| 1. Architectural and Engineering Fees | _____ \$637,200 _____ |
| 2. Legal, Administrative (Excluding CON Filing Fee),
Consultant Fees | _____ 60,000 _____ |
| 3. Acquisition of Site | _____ 75,000 _____ |
| 4. Preparation of Site | _____ 1,200,000 _____ |
| 5. Construction Costs | _____ 10,620,000 _____ |
| 6. Contingency Fund | _____ 375,000 _____ |
| 7. Fixed Equipment (Not included in Construction Contract) | _____ |
| 8. Moveable Equipment (List all equipment over \$50,000) | _____ 1,365,000 _____ |
| 9. Other (Specify) _____ | _____ 100,000 _____ |

B. Acquisition by gift, donation, or lease:

- | | |
|--|-------|
| 1. Facility (inclusive of building and land) | _____ |
| 2. Building only | _____ |
| 3. Land only | _____ |
| 4. Equipment (Specify) _____ | _____ |
| 5. Other (Specify) _____ | _____ |

C. Financing Costs and Fees:

- | | |
|---|---------------------|
| 1. Interim Financing | _____ |
| 2. Underwriting Costs | _____ 115,000 _____ |
| 3. Reserve for One Year's Debt Service | _____ |
| 4. Other (Specify) __Interest during construction | _____ 294,645 _____ |

D. Estimated Project Cost
(A+B+C)

_____ **14,841,845** _____

E. CON Filing Fee

_____ 32,554 _____

F. Total Estimated Project Cost
(D+E)

TOTAL _____ **\$14,874,399** _____

ATTACHMENT 10

ADDITIONAL LETTER

FROM BANK



HERITAGE BANK

P.O. Box 367 • CLARKSVILLE, TN 37041 • WWW.BANKWITHHERITAGE.COM

November 19, 2016

Dear Mr. Sullivan:

Heritage Bank is excited to discuss the opportunity to assist with the financing of the replacement of your facility in Waverly, Tennessee. This sounds like an exciting project that will clearly serve the Humphreys County area well by developing the care and services that today's seniors need and desire.

Subject to this project adhering to our applicable underwriting criteria, we are interested in working with you on the replacement of the Humphreys County Nursing Home. Based on our typical loan parameters, we anticipate that this project can support up to \$3,000,000 at an interest rate established at closing.

Also, the loan approval would be contingent on the issuance of a replacement facility Certificate of Need and financing issues at time of approval.

We appreciate this opportunity to be of assistance and if you need further clarification, please contact me at (615) 221-8919.

Sincerely,

David Vernich
Commercial Lender

ATTACHMENT C.2
AMORTIZATION SCHEDULES

SUPPLEMENTAL #1

November 20, 2015

9:45 am

Month / Year - Mortgage Started
Original Loan Balance \$
Years to Amortize Loan Balance 40
Interest Rate of Loan 3.25%

Jul 1 2017
11,500,000.00

\$11,500,000 Total Loan

Humphreys County Nursing Home Amortization schedule Year 1 and 2 HUD

	Annual	Monthly
Pin & Interest 1st	\$514,106.90	
Interest on 2nd	\$	
Total Debt Service	\$514,106.90	\$42,842.24

Amortization Schedule	Payment	Principal	Interest	Balance
Month 1	\$42,842.24	\$11,696.41	31,145.83	11,488,303.59
Month 2	\$42,842.24	\$11,728.09	31,114.16	11,476,575.51
Month 3	\$42,842.24	\$11,759.85	31,082.39	11,464,815.66
Month 4	\$42,842.24	\$11,791.70	31,050.54	11,453,023.96
Month 5	\$42,842.24	\$11,823.64	31,018.61	11,441,200.32
Month 6	\$42,842.24	\$11,855.66	30,986.58	11,429,344.66
Month 7	\$42,842.24	\$11,887.77	30,954.48	11,417,456.90
Month 8	\$42,842.24	\$11,919.96	30,922.28	11,405,536.93
Month 9	\$42,842.24	\$11,952.25	30,890.00	11,393,584.69
Month 10	\$42,842.24	\$11,984.62	30,857.63	11,381,600.07
Month 11	\$42,842.24	\$12,017.07	30,825.17	11,369,583.00
Month 12	\$42,842.24	\$12,049.62	30,792.62	11,357,533.38
Month 13	\$42,842.24	\$12,082.26	30,759.99	11,345,451.12
Month 14	\$42,842.24	\$12,114.98	30,727.26	11,333,336.14
Month 15	\$42,842.24	\$12,147.79	30,694.45	11,321,188.35
Month 16	\$42,842.24	\$12,180.69	30,661.55	11,309,007.66
Month 17	\$42,842.24	\$12,213.68	30,628.56	11,296,783.98
Month 18	\$42,842.24	\$12,246.76	30,595.48	11,284,547.23
Month 19	\$42,842.24	\$12,279.93	30,562.32	11,272,267.30
Month 20	\$42,842.24	\$12,313.18	30,529.06	11,259,954.12
Month 21	\$42,842.24	\$12,346.53	30,495.71	11,247,607.58
Month 22	\$42,842.24	\$12,379.97	30,462.27	11,235,227.61
Month 23	\$42,842.24	\$12,413.50	30,428.74	11,222,814.11
Month 24	\$42,842.24	\$12,447.12	30,395.12	11,210,366.99
Month 25	\$42,842.24	\$12,480.83	30,361.41	11,197,886.16
Month 26	\$42,842.24	\$12,514.63	30,327.61	11,185,371.53
Month 27	\$42,842.24	\$12,548.53	30,293.71	11,172,823.00
Month 28	\$42,842.24	\$12,582.51	30,259.73	11,160,240.49
Month 29	\$42,842.24	\$12,616.59	30,225.65	11,147,623.90
Month 30	\$42,842.24	\$12,650.76	30,191.48	11,134,973.14
Month 31	\$42,842.24	\$12,685.02	30,157.22	11,122,288.11
Month 32	\$42,842.24	\$12,719.38	30,122.86	11,109,568.74
Month 33	\$42,842.24	\$12,753.83	30,088.42	11,096,814.91
Month 34	\$42,842.24	\$12,788.37	30,053.87	11,084,026.54
Month 35	\$42,842.24	\$12,823.00	30,019.24	11,071,203.54
Month 36	\$42,842.24	\$12,857.73	29,984.51	11,058,345.81

Note Interest during Construction

\$222,984

362,085.71 Interest 2020

366,940.51 Interest 2019

371,640.28 Interest 2018

SUPPLEMENTAL #1

November 20, 2015

9:45 am

Month / Year - Mortgage Started
Original Loan Balance
Years to Amortize Loan Balance
Interest Rate of Loan

Jul 1 2017
3,000,000.00
20
4.00%

\$3,000,000 Total Loan

Humphreys County Nursing Home
Amortization schedule Year 1 and 2 Commercial Loan

Prin & Interest 1st
Interest on 2nd
Total Debt Service

Annual	Monthly
\$218,152.92	
\$	\$218,152.92
	\$18,179.41

Amortization Schedule	Payment	Principal	Interest	Balance	
Month 1	\$18,179.41	\$8,179.41	10,000.00	\$2,991,820.59	
Month 2	\$18,179.41	\$8,206.67	9,972.74	\$2,983,613.92	
Month 3	\$18,179.41	\$8,234.03	9,945.38	\$2,975,379.89	
Month 4	\$18,179.41	\$8,261.48	9,917.93	\$2,967,118.41	
Month 5	\$18,179.41	\$8,289.02	9,890.39	\$2,958,829.39	
Month 6	\$18,179.41	\$8,316.65	9,862.76	\$2,950,512.75	
Month 7	\$18,179.41	\$8,344.37	9,835.04	\$2,942,168.38	
Month 8	\$18,179.41	\$8,372.18	9,807.23	\$2,933,796.20	
Month 9	\$18,179.41	\$8,400.09	9,779.32	\$2,925,396.11	
Month 10	\$18,179.41	\$8,428.09	9,751.32	\$2,916,968.02	
Month 11	\$18,179.41	\$8,456.18	9,723.23	\$2,908,511.84	
Month 12	\$18,179.41	\$8,484.37	9,695.04	\$2,900,027.47	\$118,180.38 Interest 2018
Month 13	\$18,179.41	\$8,512.65	9,666.76	\$2,891,514.81	
Month 14	\$18,179.41	\$8,541.03	9,638.38	\$2,882,973.79	
Month 15	\$18,179.41	\$8,569.50	9,609.91	\$2,874,404.29	
Month 16	\$18,179.41	\$8,598.06	9,581.35	\$2,865,806.23	
Month 17	\$18,179.41	\$8,626.72	9,552.69	\$2,857,179.51	
Month 18	\$18,179.41	\$8,655.48	9,523.93	\$2,848,524.03	
Month 19	\$18,179.41	\$8,684.33	9,495.08	\$2,839,839.70	
Month 20	\$18,179.41	\$8,713.28	9,466.13	\$2,831,126.42	
Month 21	\$18,179.41	\$8,742.32	9,437.09	\$2,822,384.10	
Month 22	\$18,179.41	\$8,771.46	9,407.95	\$2,813,612.64	
Month 23	\$18,179.41	\$8,800.70	9,378.71	\$2,804,811.93	
Month 24	\$18,179.41	\$8,830.04	9,349.37	\$2,795,981.90	\$114,107.35 Interest 2019
Month 25	\$18,179.41	\$8,859.47	9,319.94	\$2,787,122.43	
Month 26	\$18,179.41	\$8,889.00	9,290.41	\$2,778,233.43	
Month 27	\$18,179.41	\$8,918.63	9,260.78	\$2,769,314.79	
Month 28	\$18,179.41	\$8,948.36	9,231.05	\$2,760,366.43	
Month 29	\$18,179.41	\$8,978.19	9,201.22	\$2,751,388.24	
Month 30	\$18,179.41	\$9,008.12	9,171.29	\$2,742,380.13	
Month 31	\$18,179.41	\$9,038.14	9,141.27	\$2,733,341.99	
Month 32	\$18,179.41	\$9,068.27	9,111.14	\$2,724,273.72	
Month 33	\$18,179.41	\$9,098.50	9,080.91	\$2,715,175.22	
Month 34	\$18,179.41	\$9,128.83	9,050.58	\$2,706,046.39	
Month 35	\$18,179.41	\$9,159.26	9,020.15	\$2,696,887.14	
Month 36	\$18,179.41	\$9,189.79	8,989.62	\$2,687,697.35	\$109,866.37 Interest 2020

Note Interest during Construction

\$71,661

EXHIBIT I

Humphreys County Nursing Home Amortization schedule Year 1 and 2 Grant

Month / Year - Mortgage Started
Original Loan Balance
Years to Amortize Loan Balance
Interest Rate of Loan

Jul 1 2017
\$ 875,000.00
10
0.00%

\$875,000 Total Loan

	Annual	Monthly
Prin & Interest 1st	\$87,500.00	
Interest on 2nd	-	
Total Debt Service	\$87,500.00	\$7,291.67

November 20, 2015
9:45 am

Amortization Schedule	Payment	Principal	Interest	Balance	Interest 2018	Interest 2019	Interest 2020
Month 1	\$7,291.67	\$7,291.67	\$	867,708.33			
Month 2	\$7,291.67	\$7,291.67	\$	860,416.67			
Month 3	\$7,291.67	\$7,291.67	\$	853,125.00			
Month 4	\$7,291.67	\$7,291.67	\$	845,833.33			
Month 5	\$7,291.67	\$7,291.67	\$	838,541.67			
Month 6	\$7,291.67	\$7,291.67	\$	831,250.00			
Month 7	\$7,291.67	\$7,291.67	\$	823,958.33			
Month 8	\$7,291.67	\$7,291.67	\$	816,666.67			
Month 9	\$7,291.67	\$7,291.67	\$	809,375.00			
Month 10	\$7,291.67	\$7,291.67	\$	802,083.33			
Month 11	\$7,291.67	\$7,291.67	\$	794,791.67			
Month 12	\$7,291.67	\$7,291.67	\$	787,500.00			
Month 13	\$7,291.67	\$7,291.67	\$	780,208.33			
Month 14	\$7,291.67	\$7,291.67	\$	772,916.67			
Month 15	\$7,291.67	\$7,291.67	\$	765,625.00			
Month 16	\$7,291.67	\$7,291.67	\$	758,333.33			
Month 17	\$7,291.67	\$7,291.67	\$	751,041.67			
Month 18	\$7,291.67	\$7,291.67	\$	743,750.00			
Month 19	\$7,291.67	\$7,291.67	\$	736,458.33			
Month 20	\$7,291.67	\$7,291.67	\$	729,166.67			
Month 21	\$7,291.67	\$7,291.67	\$	721,875.00			
Month 22	\$7,291.67	\$7,291.67	\$	714,583.33			
Month 23	\$7,291.67	\$7,291.67	\$	707,291.67			
Month 24	\$7,291.67	\$7,291.67	\$	700,000.00			
Month 25	\$7,291.67	\$7,291.67	\$	692,708.33			
Month 26	\$7,291.67	\$7,291.67	\$	685,416.67			
Month 27	\$7,291.67	\$7,291.67	\$	678,125.00			
Month 28	\$7,291.67	\$7,291.67	\$	670,833.33			
Month 29	\$7,291.67	\$7,291.67	\$	663,541.67			
Month 30	\$7,291.67	\$7,291.67	\$	656,250.00			
Month 31	\$7,291.67	\$7,291.67	\$	648,958.33			
Month 32	\$7,291.67	\$7,291.67	\$	641,666.67			
Month 33	\$7,291.67	\$7,291.67	\$	634,375.00			
Month 34	\$7,291.67	\$7,291.67	\$	627,083.33			
Month 35	\$7,291.67	\$7,291.67	\$	619,791.67			
Month 36	\$7,291.67	\$7,291.67	\$	612,500.00			

This is Meriwether grant. Is payable over 10 years without interest. Anticipating this to cover the annual debt service.

ATTACHMENT C.4

PAGE 26-R OF 35

HISTORICAL DATA CHART

HISTORICAL DATA CHART

November 20, 2015

9:45 am

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July.

	Year_2013	Year 2014	Year_2015
A. Utilization Data (Specify unit of measure)	<u>23499</u>	<u>23708</u>	<u>23790</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$4,627,330	\$4,554,798	\$4,582,275
2. Outpatient Services	<u> </u>	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) Guest meals, Beauty Shop, etc.	10,383	9,863	10,094
Gross Operating Revenue	\$4,277,713	\$4,564,661	\$4,592,369
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 75,886	\$ 168,659	\$ (218,033)
2. Provision for Charity Care	0	0	0
3. Provisions for Bad Debt	67,470	(34,287)	11,425
Total Deductions	\$ 143,356	\$ 134,372	\$ (206,608)
NET OPERATING REVENUE	\$4,134,357	\$4,430,289	\$4,798,977
D. Operating Expenses			
1. Salaries and Wages	\$2,288,070	\$2,302,753	\$2,359,959
2. Physician's Salaries and Wages	0	0	0
3. Supplies	427,229	437,857	436,070
4. Taxes	326,950	318,026	445,893
5. Depreciation	79,722	76,660	79,080
6. Rent	6,475	5,211	3,238
7. Interest, other than Capital	0	0	0
8. Management Fees:			
a. Fees to Affiliates	<u> </u>	<u> </u>	<u> </u>
b. Fees to Non-Affiliates	77,000	77,000	86,417
9. Other Expenses (Specify) See Exhibit 1	1,230,241	1,121,821	1,024,921
Total Operating Expenses	\$4,435,687	\$4,339,328	\$4,435,578
E. Other Revenue (Expenses) – Net (Specify)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)	\$(301,330)	\$ 90,961	\$ 363,399
F. Capital Expenditures			
1. Retirement of Principal	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
2. Interest	<u> </u>	<u> </u>	<u> </u>
Total Capital Expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$(301,330)	\$ <u>90,961</u>	\$ 363,399

ATTACHMENT 13

EXHIBIT 1 – OTHER EXPENSES

BREAKDOWN, HISTORICAL

AND PROJECTED

November 20, 2015**9:45 am****Exhibit 1 – Template for “Other Operating Expenses”**

HISTORICAL DATA CHART-OTHER EXPENSES			
<u>OTHER EXPENSES CATEGORIES</u>	Year 2013	Year 2014	Year 2015
1. Contract Services	\$504,102.02	\$442,428.54	\$409,535.67
2. Equipment, Repairs & Maintenance	106,035.94	45,595.49	43,119.01
3. Utilities	68,612.26	73,298.61	80,619.42
4. Employee Benefits, Insurance, 401K, etc.	517,856.91	521,466.64	460,680.62
5. Travel/Training	19,637.72	30,454.14	21,801.26
6. Advertising	7,882.68	5,643.60	8,217.21
7. Penalties, Fees & Miscellaneous	6,113.43	2,933.94	948.12
Total Other Expenses	\$1,230,240.96	\$1,121,820.96	\$1,024,921.31

PROJECTED DATA CHART-OTHER EXPENSES		
<u>OTHER EXPENSES CATEGORIES</u>	Year 2018	Year 2019
1. Contract Services	\$827,996.31	\$1,177,415.91
2. Equipment, Repairs & Maintenance	46,812.00	62,699.00
3. Utilities	106,282.98	138,167.88
4. Employee Benefits, Insurance, 401K, etc.	774,767.33	897,130.06
5. Travel/Training	34,852.38	36,748.15
6. Advertising	10,750.00	15,569.00
7. Penalties, Fees & Miscellaneous	2,056.00	2,147.00
Total Other Expenses	\$1,803,517.00	\$2,329,877.00

ATTACHMENT C.4

PAGE 27-R OF 35

PROJECTED DATA CHART

PROJECTED DATA CHART

November 20, 2015

Give information for the two (2) years following the completion of this project. The fiscal year begins in July (Month).

	Year_2018	Year_2019
A. Utilization Data (Specify unit of measure)	30,660	32,485
B. Revenue from Services to Patients		
1. Inpatient Services	\$7,578,948	\$8,360,658
2. Outpatient Services	0	0
3. Emergency Services	0	0
4. Other Operating Revenue (Specify) <u>Guest meals, Beauty Shop</u>	22,537	23,783
Gross Operating Revenue	\$7,601,485	\$8,384,441
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ (896,447)	\$ (841,332)
2. Provision for Charity Care	0	0
3. Provisions for Bad Debt	45,000	50,000
Total Deductions	\$ (851,447)	\$ (791,332)
NET OPERATING REVENUE	\$8,452,932	\$9,175,773
D. Operating Expenses		
1. Salaries and Wages	\$3,094,492	\$3,194,454
2. Physician's Salaries and Wages	0	0
3. Supplies	865,625	957,810
4. Taxes	615,889	632,143
5. Depreciation	585,573	585,573
6. Rent	0	0
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>82,500</u>	<u>84,563</u>
9. Other Expenses (Specify) <u>See Exhibit 1</u>	<u>1,803,517</u>	<u>2,329,877</u>
Total Operating Expenses	\$7,047,596	\$7,784,420
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>
NET OPERATING INCOME (LOSS)	\$1,405,336	\$1,391,353
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>242,440</u>	\$ 251,212
2. Interest	489,820	481,048
Total Capital Expenditures	\$ <u>732,260</u>	\$ <u>732,260</u>
NET OPERATING INCOME (LOSS)	673,076	659,093
LESS CAPITAL EXPENDITURES	\$ 1,405,336	\$1,391,353

ATTACHMENT C.1

THREE RIVERS HOSPITAL

LETTER



THREE RIVERS HOSPITAL

451 Highway 13 South • Waverly, Tennessee 37185-2909
931-296-4203 • Fax: 931-296-1013

SUPPLEMENTAL #1

November 20, 2015

9:45 am

November 17, 2015

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Bill Sullivan:

I understand the Humphreys County Nursing Home is applying for a certificate of need for an increase in beds at their new location and I want to express my support of these efforts.

Humphreys County Nursing Home has served the citizens of Humphreys and surrounding counties for nearly fifty years. The nursing home has maintained a reputation for giving good quality care and therefore maintains a high occupancy rate. There is currently an emergency transfer agreement in place with our facilities and this will transfer to their new location.

As the CEO of Three Rivers Hospital, which is located next door to Humphreys County Nursing Home, I pledge my continued support to the nursing home.

Sincerely,

Freda B. Russell, RN
CEO/CNO

November 20, 2015

9:45 am

AFFIDAVIT

STATE OF TENNESSEE

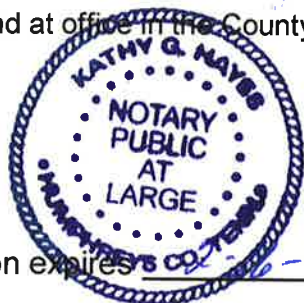
COUNTY OF Humphreys

NAME OF FACILITY: Humphreys County Nursing Home

I, San (Bill) Sullivan, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

San (Bill) Sullivan, Administrator
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 19th day of November, 2015, witness my hand at office in the County of Humphreys, State of Tennessee.



Kathy G. Hayes
NOTARY PUBLIC

My commission expires 2016.

Supplemental #2
-ORIGINAL-

Humphrey's County
Nursing Home

CN1511-049

Humphreys County Nursing Home, Inc.

670 Highway 13 South
P.O. Box 476
Waverly, Tennessee 37185
Phone (931) 296-2532
Fax (931) 296-0829

SUPPLEMENTAL #2

November 25, 2015

2:45 pm

NOV 25 2015

November 25, 2015

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street – 9th Floor
Nashville, Tennessee 37243

ATTN: Jeff Grimm
Health Services Examiner

RE: Certificate of Need Application CN1511-049
Humphreys County Nursing Home

Dear Mr. Grimm:

Please find enclosed, in triplicate, the Supplemental #2 Information requested in connection with Humphreys County Nursing Home Certificate of Need Application submitted November 10, 2015.

Thank you in advance for your assistance. If you should have any questions, please contact me at 931-296-2532.

Sincerely,



Sam (Bill) Sullivan
Administrator

Enclosure

HUMPHREYS COUNTY NURSING HOME

SUPPLEMENTAL INFORMATION

CERTIFICATE OF NEED
APPLICATION CN1511-049
NOVEMBER 30, 2015

9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

The chart is noted. Given the availability of financing the project from a commercial loan, please clarify why financing costs and fees in Section C were omitted from the chart.

The purchase price of the 15.4 acre site is identified as \$75,000 in the unsigned Purchase Agreement included in the attachments in lieu of the \$86,000 shown in Section A, Line 3 of the chart. Please clarify.

The revised Project Cost Chart with changes to the selling price of the 15.4 acre site in Line A.3 and the addition of Financing Costs and Fees in Lines C.2 and C.4. However, a revised CON filing fee in Line E appears to have been omitted from the revised chart. HSDA staff calculates the revised filing fee as \$33,394 a difference of \$840 from the amount shown.

In addition, the Total Project Cost with the revised fee should also be changed to \$14,875,239.

Please revise the chart and submit a replacement page labeled as "Page 24-R (2) of 35". In your response, please also submit an additional filing fee payment of \$840 for the balance due on the \$33,394 revised total fee amount to be reflected in Line E of the chart.

Response:

The Chart has been revised to reflect \$33,394 on Line E, Total Project Cost changed to \$14,875,239, and an additional filing fee payment of \$840 for the balance due on the \$33,394. **Attachment #1 Section C, Economic Feasibility, Item 1 (Project Cost Chart) Revised Page 24 as Page 24-R (2) of 35.**

10. Section C, Economic Feasibility, Item 2 (Funding)

The response with commercial loan offers from Capitol One Bank and First Tennessee Bank is noted. While the loan amounts are similar, the loan amounts indicated (\$11,509,000 and \$10,000,000) appear to fall short of the \$14.5 million needed to cover the total costs of the project. In addition, the amortization terms of the lenders differ since it appears that the Capitol One term is 40 years while the First Tennessee term is 20 years. Please clarify.

The response is noted. Based on the clarification and additional \$3 million loan available from Heritage Bank, it appears that a total of up to \$25,509,000 in commercial loans from the multiple lenders may be available to finance the new replacement facility. Is this a correct estimate? If not, please explain.

12. Section C, Economic Feasibility, Item 4 - Projected Data Chart

As a result of the above, it appears that projected net income is significantly overstated in the Projected Data Chart for the first 2 years of the project. Please revise the amounts provided for Net Operating Revenue, Total Operating Expenses, Capital Expenditures, and Net Operating Income and re-submit a replacement page labeled page 26-R of 35.

The revised chart is noted. The Net Operating Income less (or after) capital expenditures should be shown as the lower amounts for each period (\$673,076 in Year 1 and \$\$659,093 in Year 2). Please revise the chart and submit as replacement page labeled "page 27-r(2) of 35".

Response:

The Projected Data Chart has been revised – Net Operating Income for Year 1 and Year 2. **Attachment #3, Section C, Economic Feasibility, Item 4 – Projected Data Chart, replacement page 27 - Page 27-R(2) of 35.**

ATTACHMENT #1

**SECTION C, ECONOMIC
FEASIBILITY, ITEM 1
(PROJECT COST CHART)**

Page 24-R (2) of 35

PROJECT COSTS CHART**November 25, 2015****2:45 pm**

NOV 25 2015

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees \$637,200
2. Legal, Administrative (Excluding CON Filing Fee),
Consultant Fees 60,000
3. Acquisition of Site 75,000
4. Preparation of Site 1,200,000
5. Construction Costs 10,620,000
6. Contingency Fund 375,000
7. Fixed Equipment (Not included in Construction Contract)
8. Moveable Equipment (List all equipment over \$50,000) 1,365,000
9. Other (Specify) 100,000

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)
2. Building only
3. Land only
4. Equipment (Specify)
5. Other (Specify)

C. Financing Costs and Fees:

1. Interim Financing
2. Underwriting Costs 115,000
3. Reserve for One Year's Debt Service
4. Other (Specify) Interest during construction 294,645

**D. Estimated Project Cost
(A+B+C)** 14,841,845 **E. CON Filing Fee** 33,394 **F. Total Estimated Project Cost
(D+E)****TOTAL** \$14,875,239

**ATTACHMENT #2,
SECTION C, ECONOMIC
FEASIBILITY, ITEM 4
(HISTORICAL DATA CHART)
Revised – Page 26-R (2) of 35**

HISTORICAL DATA CHART

November 25, 2015

2:45 pm

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July.

	Year_2013	Year 2014	Year_2015
A. Utilization Data (Specify unit of measure)	<u>23499</u>	<u>23708</u>	<u>23790</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$4,267,330	\$4,554,798	\$4,582,275
2. Outpatient Services	<u> </u>	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>	<u> </u>
4. Other Operating Revenue	10,383	9,863	10,094
(Specify) Guest meals, Beauty Shop, etc.			
Gross Operating Revenue	\$4,277,713	\$4,564,661	\$4,592,369
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 75,886	\$ 168,659	\$ (218,033)
2. Provision for Charity Care	0	0	0
3. Provisions for Bad Debt	67,470	(34,287)	11,425
Total Deductions	\$ 143,356	\$ 134,372	\$ (206,608)
NET OPERATING REVENUE	\$4,134,357	\$4,430,289	\$4,798,977
D. Operating Expenses			
1. Salaries and Wages	\$2,288,070	\$2,302,753	\$2,359,959
2. Physician's Salaries and Wages	0	0	0
3. Supplies	427,229	437,857	436,070
4. Taxes	326,950	318,026	445,893
5. Depreciation	79,722	76,660	79,080
6. Rent	6,475	5,211	3,238
7. Interest, other than Capital	0	0	0
8. Management Fees:			
a. Fees to Affiliates	<u> </u>	<u> </u>	<u> </u>
b. Fees to Non-Affiliates	77,000	77,000	86,417
9. Other Expenses (Specify) See Exhibit 1	1,230,241	1,121,821	1,024,921
Total Operating Expenses	\$4,435,687	\$4,339,328	\$4,435,578
E. Other Revenue (Expenses) – Net (Specify)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)	\$(301,330)	\$ 90,961	\$ 363,399
F. Capital Expenditures			
1. Retirement of Principal	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
2. Interest	<u> </u>	<u> </u>	<u> </u>
Total Capital Expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$(301,330)	\$ <u>90,961</u>	\$ 363,399

**ATTACHMENT #3,
SECTION C, ECONOMIC
FEASIBILITY, ITEM 4 –
PROJECTED DATA CHART,
Page 27-R(2) of 35**

PROJECTED DATA CHART

November 25, 2015

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 2018	Year 2019
A. Utilization Data (Specify unit of measure)	30,660	32,485
B. Revenue from Services to Patients		
1. Inpatient Services	\$7,578,948	\$8,360,658
2. Outpatient Services	0	0
3. Emergency Services	0	0
4. Other Operating Revenue -Beauty Shop, Guest meals, etc.	22,537	23,783
Gross Operating Revenue	\$7,601,485	\$8,384,441
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$(896,447)	\$(841,332)
2. Provision for Charity Care	0	0
3. Provisions for Bad Debt	45,000	50,000
Total Deductions	\$ (851,447)	\$ (791,332)
NET OPERATING REVENUE	\$8,452,932	\$9,175,773
D. Operating Expenses		
1. Salaries and Wages	\$3,094,492	\$3,194,454
2. Physician's Salaries and Wages	0	0
3. Supplies	865,625	957,810
4. Taxes	615,889	632,143
5. Depreciation	585,573	585,573
6. Rent	0	0
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	0	0
b. Fees to Non-Affiliates	82,500	84,563
9. Other Expenses (Specify) See Exhibit 1	1,803,517	2,329,877
Total Operating Expenses	\$7,047,596	\$7,784,420
E. Other Revenue (Expenses) -- Net (Specify)	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)	\$1,405,336	\$1,391,353
F. Capital Expenditures		
1. Retirement of Principal	\$ 242,440	\$ 251,212
2. Interest	489,820	481,048
Total Capital Expenditures	\$ 732,260	\$ 732,260
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ 673,076	\$ 659,093

November 25, 2015

2:45 pm

AFFIDAVITSTATE OF TNCOUNTY OF HUMPHREYS

SAM (BILL) SULLIVAN, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SAM (BILL) SULLIVAN
SIGNATURE/TITLE ADMINISTRATOR

Sworn to and subscribed before me this 24TH day of NOVEMBER, 2015 a Notary
(Month) (Year)

Public in and for the County/State of TN.



Kathy G. Hayes
NOTARY PUBLIC

My commission expires 2-16-, 2016.
(Month/Day) (Year)